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Baltic Summit Said Planned for 27 Aug in Riga

WS1708141693 Tallinn BNS in English 1821 GMT 16 Aug 93

[Text] VILNIUS, Aug 16, BNS—The Baltic presidents plan to hold a three-way summit Aug. 27, Lithuanian President Algirdas Brazauskas announced Monday [16 August] on a national radio program.

Reliable sources say the three will probably meet in Riga.

"The Baltic Council must switch from political statements... to very concrete and distinctive developments in economic activities," said Brazauskas. He pointed specifically to efforts for developing the fuel and power-engineering complex in the Baltics.

Brazauskas met Latvian President Guntis Ulmanis in Vilnius last week and spoke to his Estonian counterpart by telephone today.

ITAR-TASS Carries Press Review for 18 August

LD1808074293 Moscow ITAR-TASS in English 0724 GMT 18 Aug 93

["Press Review"—ITAR-TASS headline]

[Text] Moscow August 18 TASS—"It will take many many dozens of years for Ukraine to become a nuclear power. It will also require means, which the country now lacks," Russian Minister for Atomic Energy Viktor Mikhailov told the newspaper "NEZAVISIMAYA GAZETA", which publishes his interview today. "I think that Ukraine today needs both the non-proliferation treaty and guarantees of the International Atomic Energy Agency," he added. According to Mikhailov, the Russian nuclear armaments complex is not inferior to the American today and is evaluated at five billion U.S. dollars.

The same newspaper publishes an interview with chairman of the State Defence Committee of the Nagorno-Karabakh Republic Robert Kocharyan who said: "An unguaranteed short-term peace does not suit us... If Karabakh agrees to a short-term armistice giving Azerbaijan a respite before a new aggression, we shall be unable to resist it. The Azeri authorities must grow sufficiently 'mature' to realise the need of direct talks with us."

"NEZAVISIMAYA GAZETA" carries an appeal addressed by Oleg Rumyantsev, executive secretary of the Constitutional Commission, to President Yeltsin and parliament speaker Ruslan Khasbulatov urging them to adopt a joint decision on a mechanism to draw up a single draft constitution of the Russian Federation to be submitted to the November congress of people's deputies.

The same newspaper features an interview by Leonid Shebarshin, former chief of the Soviet intelligence, who said: "I know that foreign intelligence services are stepping up their activities against Russia". He believes that the country may be saved by reviving the national self-conscience of the Russian people. Shebarshin does not rule out the possibility of the present anarchy in Russia being "replaced by a ruthless dictatorship".

Valeriy Zorkin, chairman of the Constitutional Court, says in an interview published by today's "TRUD" that Russia's current problems are linked with the fact that "we are living through a crisis of the system. We have destroyed what we had, but have not achieved what we wanted".

According to Zorkin, any system is gauged by the living standards it guarantees every man. "In the meantime, people feel uncomfortable and unprotected in our country. They are unprotected in the street, at home, and on the job. They are unprotected as regards living standards and psychologically," Zorkin claims. "If we do not realise this and fail to overcome the situation in a 'systematic way', we shall always flounder in this state of disorder."

"KOMSOMOLSKAYA PRAVDA" publishes an interview with former secretary of the Russian Security Council, chairman of the Russian Commodity Producers Federation and head of the Inter-Ethnic and Inter-Regional Economic Studies Centre Yuriy Skokov, who dwells on some aspects of his previous political life and outlines his views on russia's current economic situation.

"KRASNAYA ZVEZDA" carries an interview with deputy chief of the Russian Presidential Analytical Centre Vladimir Smirnov, who furnishes a detailed analysis of the present situation in the Russian army. In his opinion, the situation in the armed forces is "very complicated" at present. "In spite of the measures taken over the past two years to improve the living conditions of servicemen, many problems unfortunately still remain unresolved," he says.

"PRAVDA" publishes an interview by leader of the Russian National Assembly, retired KGB General Aleksandr Sterligov. He believes that the "president of the USSR" is "chiefly to blame" for the collapse of the Soviet Union.

A summer recreation camp for children, afflicted by aids, has opened at Ust-Izhora, near St. Peterburg. The newspaper "VECHERNYY PETERBURG" reports that it was organised by the Ust-Izhora republican hospital, the trade union of the Norwegian city of Trondheim and the British "Sterling Walk" welfare organisation. Thirty young aids patients from all over Russia will rest in the camp for two weeks each.

A new computer, received from Germany, was symbolically switched on at the Physico-Technological Institute of the Russian Academy of Sciences. The machine was presented by the Humboldt Foundation to a group of St. Petersburg scientists, led by Professor Miron Amusya, the newspaper "NEVSKOYE VREMYA" reports. The

scientist was awarded the foundation's special prize this year for outstanding achievements in studies of the physics of the atom. Winners of this prize are entitled to work at German research centres for a period of two years.

According to figures released by the municipal council's labour and employment committee, the newspaper "ST. PETERSBURG HERALD" reports, the number of the unemployed in the city dropped by 3,650 people last week. There are now 31,399 registered jobless in the St. Petersburg. 21,123 people have been provided with jobs since the beginning of the year. Most of the applicants to district employment centres had lost their jobs due to the reduction of personnels, liquidation and reorganisation of enterprises. Today, there are 28,450 vacant work-places at St. Petersburg enterprises.

Afghan Envoy Briefs Newsmen on Release of Captives

LD1708151593 Moscow Mayak Radio Network in Russian 1330 GMT 17 Aug 93

[Excerpts] A news conference was held today in Moscow by (Abdol Rahib Osafi), Afghan ambassador to Russia. Here is our correspondent, Kazbek Bassi:

[Bassi] The official reason for the news conference was the 47th anniversary of Afghanistan's independence which is celebrated on 19 August. [Passage omitted] But I think it would be true to say that journalists focused mainly on the second part of the news conference when the ambassador himself, and then my colleagues as well, dealt with the painful question of the events on the Tajik-Afghan border and our five border troops taken hostage recently. According to (Abdol Rahib Osafi) they should have been released yesterday but, for technical reasons, the plane could not land in the mountainous location where they are currently being held. The ambassador assured that this problem would be solved in the next few days.

Speaking about the situation in the border zone, he noted that the Tajik and Afghan sides are conducting talks and that the problem should be resolved in a peaceful manner without interference from other states.

The ambassador said that great hopes are being placed on the forthcoming visit to Tajikistan by President Rabbani of Afghanistan. During the visit, the ambassador noted, it is expected that the fate of the Tajik refugees in Afghanistan will also be decided.

Tajik-Afghan Border Commander Declares Intention To Stay

PM1608155093 Moscow ROSSIYSKAYA GAZETA in Russian 13 Aug 93 First Edition p 7

[Unattributed report under the rubric "In the Hot Spots": "Border Guard Troops Will Not Leave Border"]

[Text] The editorial office has received the text of a statement by Colonel General Andrey Nikolayev, commander of Russian Federation Border Guard Troops, which notes that a Kazakhstan Defense Ministry officer and four Russian border guards were taken hostage by almost 50 Islamic Revival Party gunmen and servicemen of the 29th Infantry Division, which is under Afghan Defense Ministry command.

The Russian Border Guard Troops commander, guided by the decisions of the 7 August 1993 Conference of Heads of State of the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan, and the Republic of Uzbekistan, states that Russian border guards will continue to do everything possible to ensure security on the Tajik-Afghan border.

Interdepartmental Group Meets To Discuss Tajik Crisis

Kozyrev's Comments at Meeting Noted

LD1808083093 Moscow Mayak Radio Network in Russian 0500 GMT 18 Aug 93

[Text] Peace and quiet seem to be the rule on the Tajik-Afghan border. At any rate, no reports have come from there in the past 24 hours. In Moscow, meanwhile, the first session of the interdepartmental working group for Tajikistan has been held. Present at the opening of the session was our diplomatic correspondent and observer Vladimir Pasko.

[Pasko] I remind you that this group was formed upon the instructions of the government under the conditions of the president's decree. Foreign Minister Kozyrev has been given responsibility for coordinating the efforts of the ministries and departments and Defense Minister Grachev has been given responsibility for coordinating purely military, strong-arm efforts.

At Kozyrev's proposal, the session concentrated its attention on the policy of Russia's strategic activity regarding Tajikistan. Opening the session, the minister pointed out that the president had asked that tight coordination of all actions be ensured. The minister noted the multitude of factors involved in the problem of Tajikistan. All these factors, he said, must be combined into one so that Russia's actions never diverge from its own strategy but rather supplement it.

As an example, the minister noted in particular the special situation in Afghanistan, where there are several centers of influence with which Russia has to deal.

[Begin Kozyrev recording] Of course, we look primarily to the government, to interacting with it. At the same time we cannot fail to take account of the fact that the situation there is fairly complicated and that contact with one set of groups, for example, even with those near the border, could be regarded by other groups as cooperation with their direct enemies. In this way, doing good work and establishing interaction with some of our partners could quite easily produce a negative reaction, even an aggressive reaction from other partners. That is why this coordination is needed. [end recording]

[Pasko] There is another point that also attracts attention. The minister pointed out that working out a plan of action and coordination obviously included interaction with the Supreme Soviet. He said:

[Begin Kozyrev recording] We have been forced to act in conditions when literally in several days it will be a year since the president submitted a bill on peacemaking forces to the Supreme Soviet. So far our legislators have not found the time to even start examining this bill in its first reading. Of course, this creates quite concrete difficulties for pursuing practical policy since it is understandable that without peacemaking forces, without UN participation, it will be extraordinarily difficult.

There are a number of other questions, so I think that one of the tasks of our group will be drafting proposals to the Supreme Soviet once again so that they might engage in practical work connected with ensuring our state interests both in Tajikistan and, more broadly, with nearby foreign countries. This also concerns ensuring the rights and protection of the rights of the Russian-speaking population. [end recording]

Problems Facing Group Viewed

LD1708164993 Moscow Mayak Radio Network in Russian 1324 GMT 17 Aug 93

[Commentary by Viktor Levin]

[Text] The first session of the interdepartmental commission on Tajikistan is currently under way at the Russian Foreign Ministry. I couldn't tell you about this in advance because our colleagues in the Foreign Ministry asked us not to, but nevertheless I managed to attend the opening, and I can tell you what happened there.

The interdepartmental commission was set up on the instructions of Russian President Boris Yeltsin, in order, as he set the task, to strictly guarantee coordination of all activities. The commission is to begin full-scale work in this area. Opening the meeting, Russian Foreign Minister Andrey Kozyrev, who by presidential decree is to head all of the work, noted that the departments had allocated very senior officials and had already elaborated specific proposals. It is for the commission to draw the strands together and resolve issues of a strategic political nature. This isn't a one-time effort, of course, and although, as always, we were politely and very insistently asked to leave the meeting hall after the opening, I think that even if I had waited until the end I wouldn't have found out very much.

Work is under way, very serious and difficult work. Andrey Vladimirovich Kozyrev noted that the problem, not only of the commission but generally of settling all the problems linked with Tajikistan and surrounding it, is made more difficult by the fact that in neighboring Afghanistan there are, as he delicately put it, several centers of influence. It's not just that the government in Kabul doesn't always have control over them, even between the centers themselves relations tend to be downright hostile. And so it could turn out, the Russian minister warned, that having established contact with one of the Afghan groups, we could unintentionally provoke the displeasure of another that regards such contact as a hostile act.

This wasn't spoken about at the opening of the meeting, but it's well known that it's precisely this lack of control over the local leaders on the part of Kabul that is hampering the release of four Russian and one Kazakhstan border guard captured by the mojahedin. Kabul gave assurances that the hostages would be handed over to the Russian consul on Monday, that is yesterday, but unfortunately that didn't happen....

[Studio announcer interrupting] It's true, they assure us that they are safe.

[Levin] I hope to God that's so, I really want to believe that, but I'd like to see these boys released to us as soon as possible. That isn't happening as yet, and Kabul can't have any influence. It's possible to seek contact with local leaders, but there are difficulties with that.

Kozyrev also cited another problem that, he believes, is hampering work. The minister told us that we also need contact with the Supreme Soviet, but in this context it still has to be noted that it will soon be a year since the Supreme Soviet was sent the draft law on peacekeeping forces. But the people's deputies have not even started discussing it. Kozyrev believes that without this law our hands are tied, and he said that we have to appeal to the Supreme Soviet immediately to begin work on the law on peacekeeping forces.

Stepashin Interviewed on Black Sea Fleet, Sevastopol

AU1708144293 Budapest PESTI HIRLAP in Hungarian 17 Aug 93 p 9

["AN-PH"-attributed interview with Sergey Stepashin, chairman of the Defense and Security Committee of the Russian Parliament; place and date not given: "Sergey Stepashin on the Russian-Ukrainian Black Sea Fleet Talks"]

[Text] The two neighboring states have already come to an agreement on the Russian-Ukrainian nuclear debate, namely the fate of the nuclear weapons deployed on the territory of Ukraine. However, the meeting between the Russian and Ukrainian presidents failed to solve the debate on the control over the Black Sea Fleet, in spite of the fact that many people were counting on such an agreement. The official statements issued about the talks did not contain anything new, and parliament received the report of the negotiating team with considerable lack of interest. We spoke with Sergey Stepashin, the chairman of parliament's Defense and Security Committee, about the fate of this fleet and of Sevastopol.

[Stepashin] The current situation is indeed tragic; therefore, we must solve the fleet problem as soon as possible. In fact, the fleet itself cannot be divided—one can only divide the ships. However, the most important thing is to determine the status of the navy's base. If Russia has to give up Sevastopol as a naval base, it is useless to continue to speak about a Black Sea fleet. Therefore, at the last talks, a so-called interim solution was submitted, whereby Sevastopol would remain a joint Russian-Ukrainian base. Naturally, Russia would share the financial burdens as well.

[Correspondent] What happened to the proposal? What have the negotiating sides succeeded in agreeing on so far?

[Stepashin] The negotiating sides have already agreed that the officers can decide themselves whether they want to serve in the Ukrainian fleet or the Russian fleet. Moreover, they can even hold dual citizenship. The sides agreed temporarily to halt the distribution of ships. Under such conditions, the goal of some Russian parliamentary deputies—connecting the territorial demands in the Crimea and Sevastopol with the fleet issue—could lead to a situation in which Russia does not get any of them. This could encourage the Ukrainian nationalists in the Ruh movement to initiate counteraction and further worsen the situation, which is quite troublesome as it is.

[Correspondent] A Russian parliamentary decision recently simply declared Sevastopol as Russian territory. Even Russian President Boris Yeltsin disagreed with this decision, and the Ukrainians turned to the United Nations. The UN Security Council rejected the decision of the Russian Parliament. What is the solution?

[Stepashin] We must hold difficult and serious talks on Sevastopol. The ominous decision of the Russian Parliament was both hasty and totally useless. I would like to stress that those who have the biggest voice do not accept any responsibility; they only endanger the success of the talks; however, in my opinion, Russia is now in an advantageous negotiating position.

Agreement Reached on Supply of Gas to Moldova

LD1808053193 Moscow ITAR-TASS in English 0520 GMT 18 Aug 93

[By ITAR-TASS correspondent Fyodor Angeli]

[Text] Chisinau August 18 TASS—The leadership of the Russian "Gazprom" concern has guaranteed the stable supply of gas to Moldova. A statement to this effect was made after the recent Moscow talks between "Gazprom" and a Moldovan Government delegation, led by Vice-Premier Valentin Kunev.

The sides have reached agreement on the principles of mutual settlements for the gas supplied to the republic. Therefore, there is no longer any danger that the gas tap will be turned off. A positive decision was also reached in Moscow on the granting of a Russian credit to Moldova. which will be used to settle its debts for the already received fuel and power and also to pay for new deliveries. The size of the credit has been agreed with all the departments concerned and, as stated by the Russian authorities, the first payments will be made before the end of the current month. This will give Moldova a chance to settle this year its debts for gas, petroleum products and coal.

An agreement was reached to deliver a definite part of petroleum products to Moldova without pre-payment in the period before the transactions begin to be financed from the said credit and on clearing lines.

'Steep Cut' in Gas Supply to Belarus

MK1708010493 Moscow SEGODNYA in Russian No. 43, 17 Aug 93 (Signed to print 16 Aug) p 1

[Rustam Narzikulov report under the "Debtors" rubric: "'Gazprom' Makes Steep Cut in Gas Supplies to Belarus; Belarus Deputy Premier Brings 10 Billion Rubles in Debt Payment"]

[Excerpt] The "Gazprom" action once again confirmed the unworkability of the triple economic union decided upon by the prime ministers of Russia, Ukraine, and Belarus on 10 July. Let me remind you that under the understanding signed then, Belarus is supposed to get 33 billion cubic meters of gas (two annual amounts). It is obvious, however, that if the republic is in no position to buy gas at 15,300 rubles [R] per 1,000 cubic meters, it will not be able to buy it in such quantities at $80 per 1,000 cubic meters—a rate to be set perhaps at least six months from now. In this situation, no interstate understandings are going to do the trick since they put Russian gas producers in extremely difficult conditions.

Gazprom's unpaid-for deliveries (including those to customers inside Russia) are now worth R993 billion, with Russian enterprises accounting for R160 billion; Ukrainian, R567 billion; and Turkmenistan's, (for transit of gas) R43 billion [figures as published]. It is the mere size of Gazprom, which controls virtually all of Russia's gas industry, and its hard currency exports to Europe of 100 billion cubic meters of gas a year that prevent it from going bankrupt while its customers owe it nearly $1 billion—a case that has no precedent in the world economy.

Belarus would hardly be able to buy, as it did before, 16 billion cubic meters of gas a year; and its economy is going to face new difficulties. Given that, and considering the nature of Russian-Belarussian relations, one should not expect special problems with the transit of gas from Russia to Poland across the republic's territory. Unlike Ukrainian gas workers, who regularly undertook acts of retribution against Russia along the trans-Europe gas pipeline in the form of tapping the other country's raw material, their Belarus counterparts, to all appearances, will resist these confiscatory methods. Besides, the amounts of gas conveyed across Belarus, unlike those moved across Ukraine, are negligible. The situation may change in 1996, however, if an alternative trans-Europe gas pipeline project across Belarus and Poland becomes a reality. In this case, however, the republic is going to get benefits by legally charging for transit, which will by far outweigh those they could get by secretly tapping someone else's commodity.

Almaty Talks on Ruble Zone Reviewed

PM1708153993 Moscow ROSSIYSKAYA GAZETA in Russian 14 Aug 93 First Edition p 4

[Unattributed untitled report under general headline: "Money"]

[Text] Russian Central Bank Chairman Viktor Gerashchenko and Vladimir Mashchits, chairman of the State Committee for Economic Cooperation With Commonwealth Member States, have held talks in Almaty with Kazakhstani Government head Sergey Tereshchenko and Galym Baynazarov, director of the republic's national bank, on problems relating to the future operation of the ruble zone.

Among other things they discussed the option of the effective operation of a common monetary system that takes account of the possible introduction of national currencies in CIS countries within the context of establishing an economic union. During the talks they addressed problems connected with meeting Kazakhstan's urgent need for cash in order to pay out pensions, allowances, and grants. The Russian side supported Kazakhstan's request to supply the republic's national bank with 1993-issue Russian bank notes. At the same time Kazakhstan National Bank Deputy Chairman Mirsultan Tursunov denied reports of the possible rapid introduction of a national currency in the republic.

Briefing Held To Clear Up 'Misunderstanding' of U.S. Policy

PM1708142793 Moscow PRAVDA in Russian 17 Aug 93 p 3

[Vladislav Drobkov report: "Who Misunderstood Whom? United States Alarmed at Response to Plans for It To Interfere in Russia's Affairs"]

[Text] Washington, 16 Aug—At an unprecedented briefing "solely for Russian journalists" at the International Press Center here, two "high-ranking administration spokespersons," one of whom turned out to be a very attractive young woman, tried to dispel, as they put it, the "misunderstanding" that has arisen as a result of an article published recently in THE WASHINGTON POST.

I would remind you that the article discussed a document that has just been prepared deep within the Democratic administration defining the new principles governing U.S. participation in resolving conflict situations in the world. The chapter devoted to crises in the former Soviet Union lent a particular piquancy. In this chapter—as PRAVDA has already reported—it was suggested to Washington that it assume on its own initiative the role of intermediary in disputes between Moscow and the capitals of the states that emerged from the ruins of the USSR.

The WASHINGTON POST article caused a great stir not only in the United States but also in Russia. Even those of our newspapers which prefer not to criticize Washington's actions viewed this attempt to "take on" the burden of Russia's wrangles with its neighbors as clearly going too far. Even they could not help taking the Americans to task for attempting to establish outright tutelage of Russia.

This reaction, in turn, also alarmed Washington, which at the moment does not want new cracks to appear in the facade of its "partnership" with Russia. As a result people here tried to reduce to a minimum the unfavorable consequences of someone's indiscreet or clumsy actions.

Credit must be given to the "high-ranking administration spokespersons," as the two extremely responsible State Department and White House staffers wished to be known. They persisted in demonstrating to us that the United States is increasingly concerned by the problems and conflicts arising among the new independent states (NIS), and that Washington is alarmed by the consequences that these conflicts may have "for stability, democratization, and the economic reforms" in Russia and the other new independent states. The United States is willing "via its partnership with Russia" to work on eliminating these consequences, but only when "all parties to a conflict want our participation"...

And so on and so forth. But, however appealing these "explanations" sounded, they were unable to entirely dispel the oppressive impression caused by the article in THE WASHINGTON POST. And the "high-ranking spokespersons" did not refute this article but only tried "to correct" some of its overly frank ideas.

Moreover, how can we fail to recall that the U.S. view of "Russia's actions" is nonetheless capable of influencing Washington's provision of aid for Moscow. Take the amendments Congress made to Bush's old Freedom Support Bill. And as we know, the "aid package" that Clinton offered Yeltsin in Vancouver consisted almost entirely of money that Russia was allocated under that bill.

The congressional amendments that no one was about to repeal include those which demand that the administration pull the plug on aid if Russia does not get on with the speedy withdrawal of its troops from the Baltic states. Amendments regulating the kind of policy Russia must pursue on emigration have also survived. And what of the recent "arm-twisting session" that forced Russia to "review" the terms of its rocket deal with India?

It is extremely noteworthy that at virtually the same time that Russian journalists were being "briefed" in Washington, the Russian Foreign Ministry was handing out extremely similar explanations on that same problem. And our Foreign Ministry was immediately worried by the "misunderstanding."

I would just like to know who failed to understand whom?

U.S. 'Leadership' of Russian Foreign Policy Seen

PM1708142993 Moscow PRAVDA in Russian 17 Aug 93 pp 1, 3

[Viktor Linnik report: "From Diplomatic Sources: Has Mr. 'Yes' Said 'No'?"]

[Text] "I proposed to Kozyrev that the talks (on the Near East—V.L.) start at the end of August," a high-ranking U.S. diplomat told journalists. "And he a greed straightaway."

In psychoanalysis it is known as a "Freudian slip" when a secret truism is unexpectedly spoken of openly. And, as we can see, this even happens to diplomats.

"Can you give just one instance of your proposing something and Kozyrev immediately rejecting the idea?" your correspondent asked, knowing the answer in advance. The high-ranking U.S. diplomat (his being introduced to readers like that is determined by the terms of the briefing on the basis of "background"—V.L.) could not recall any such instance. To be objective he did, admittedly, mention the fact that Kozyrev had on several occasions dared to give the following answer: "We will consider this matter"—which evidently was intended to signify the Russian foreign minister's highest level of disagreement with his U.S. State Department colleagues.

However, the high-ranking U.S. diplomat's extraordinary meeting with a very small group of Russian journalists was designed to dispel the Russian opposition's growing concern at the increasingly clear signs of U.S. leadership of Russian foreign policy (see the report from our Washington correspondent—V.L.). Two announcements directly caused the fresh upsurge in emotion in Russia and the United States. The first concerned the appointment of Collins, a U.S. Embassy staffer in Moscow, as the State Department's "coordinator and mediator" in settling conflicts throughout the CIS. The second revealed the scale of CIA involvement in Georgia, where a special CIA operation to keep E. Shevardnadze in power has been under way since the spring. The latter came to light following the recent mysterious killing of Woodruff, the CIA resident in Tbilisi. Let us recall that hitherto only information about U.S. special service training for Shevardnadze's personal guard leaked to the press. Now, citing U.S. sources, it has been announced that we are talking about a far more extensive and long-term CIA action to strengthen the Shevardnadze regime in Georgia.

"For political reasons we do not comment on the special services' activity," the high-ranking U.S. diplomat remarked drily. "It is still unclear whether Woodruff's death was a criminal or political killing. That is why all I would like to do now is express regret at our diplomatic staffer's death and my condolences to his family.

"As for Collins's appointment, I would like to clarify the following point. The U.S. press used the words 'intermediary' or 'coordinator' in settling conflicts on CIS territory to describe Collins. An information leak has occurred that can only be regretted. We regard Russia as our partner and we support the process of reforms in your country and its legally elected president."

Incidentally, we consulted the Russian Foreign Ministry beforehand on Collins's appointment, the diplomat told the gathering. There were no objections. Then the leak occurred. Someone wanted to settle some scores, and the upshot was that extremely explosive reports appeared in the press, he added.

There is no doubt that, given the level of political confrontation in Russia, the material from Washington and Tbilisi did indeed add fuel to the fire. It reinforced the opposition's long-standing suspicions about Russian foreign policy's total lack of autonomy. And dealt another palpable blow to Yeltsin's government, which has barely recovered from the upheaval following the monetary reform carried out in accordance with IMF recommendations. Because a regime whose main support is outside Russia cannot have a political future.

Last, Washington must have convinced itself yet again that Kozyrev can no longer be an effective conduit for U.S. foreign policy interests because he has compromised himself once and for all as such in the eyes of the vast majority of Russian citizens. Because he does the Russian Government in which he serves an extreme disservice by doing so. And because one should not believe the Russian foreign minister when he says that there is no alternative to him and that he can only be replaced by a communist Attila or Genghis Khan from the "war party." That is nothing more than rhetorical hyperbole to emphasize his own indispensability to the Americans.

It must be clear that the opposition is not crudely anti-American. As long as the United States does not overly abuse its opportunity to exploit Russia's current weakness in Yugoslavia, in the deal with India, on arms sales, etc. It would be good to remember that Russia is eternal, its weakness is not.

Pickering in Vladivostok for Talks on Business Relations

LD1808062993 Moscow ITAR-TASS in English 0620 GMT 18 Aug 93

[By ITAR-TASS correspondent Yevgenia Lents]

[Text] Vladivostok August 18 TASS—U.S. Ambassador in Moscow Thomas Pickering began his working trip to the Russian Far East. He arrived in Vladivostok on Wednesday.

The main aim of the visit is to draft a new, more efficient strategy of actions for U.S. businessmen in Russia's east. The ambassador will hold several consultations with firms cooperating with American businessmen.

Pickering will also meet Pacific Fleet Commander Georgiy Gurinov, hold talks with the leadership of the Maritime Association of Industrialists and Manufacturers uniting most munitions factories in the territory and will visit the Varyag plant.

Talks Held With FBI, FRG Police on Controlling Mafia

PM1708115193 Moscow IZVESTIYA in Russian 14 Aug 93 First Edition p 4

[Report by Valeriy Yakov: "Second Front Opened Up In War Against Organized Crime"]

[Text] Staffers of the Russian Internal Affairs Ministry Main Administration on Organized Crime have spent several days playing host to colleagues from the FBI and the FRG police. The meeting has been practically devoid of politics and formalities—the professionals discussed specific details of their future collaboration in the fight against the mafia.

I should say right away that we are talking not just about good intentions on the part of departments with similar functions, but about very specific joint work on actual criminal cases. And we have already seen the first successful efforts in this collaboration—readers will no doubt remember the press reports about the seizure of one tonne of drugs in St. Petersburg. Staffers of the administration to combat organized crime received information on the consignment from German colleagues. And colleagues from the FBI helped locate a base in the Moscow area where 320 barrels of liquor and a large quantity of empty bottles were discovered and 35 thugs were arrested.

The meeting is intended to resolve organizational questions in order to ensure broader, permanent contacts. They are discussing means of communication, methods of exchanging information, and joint actions to influence specific individuals. They are also analyzing the legal framework in which they will be operating. Incidentally, on this issue the legislators are lagging behind reality, with new forms and types of crime developing more rapidly than the laws to combat them.

Mikhail Yegorov, Russian first deputy minister of internal affairs, who heads the organized crime administration; Jim Moody, chief of the FBI department to fight organized crime; and Volker Heim, FRG minister director for police affairs, insisted that in their joint actions they had absolutely no intention of engaging in politics and would not be operating in anyone's political interests. Nor were they interested in the nationality of the criminals, because they would be operating on the basis not of entries in passports but of crimes committed, of which there is already an abundance. According to Mikhail Yegorov, at least 100 or so criminal groups with foreign links have been identified, and around 2,500 people are known to be using these links. But the stories going around about the might of the Russian mafia in Germany or the United States have no basis in reality. It is only just finding its feet in these countries and feeling around for niches it might occupy. But no Western mafioso is going to give up any position he has gained simply out of love for the Russian people.

Mr. Moody certainly did not spare the CIS crime bosses' overweening national pride when he said that the Russian mafia occupies the lowest rung on the mafia ladder in the United States. The FBI still regards the Cosa Nostra as its biggest enemy, because it has almost age-old traditions in the land of developed democracy and has retained 25 powerful and highly influential "families" in a struggle against the FBI.

The FBI gives second place to the Chinese mafia, which has achieved marked "successes." This organization is now known to have 87 groups with a total of around 100,000 members. More than 5,000 of them are operating in the United States, carrying out instructions from headquarters in Hong Kong and Taiwan.

The Japanese mafia is growing rapidly, clearly outstripping its rivals, and has 14 groups in the United States with around 60,000 people working for them.

It is perfectly clear that, despite the international nature of the criminal world, these mafia giants and the others breathing down their necks do not intend to welcome their Russian colleagues with open arms. Our godfathers will have to fight long and hard for a place in the Western sun. Particularly as they will be dealing not only with their own colleagues but also with FBI professionals, who have plenty of experience and expertise.

At the moment Russian organized crime is carrying out combat maneuvers mainly at home, working on training and coordinating its criminal ranks and tirelessly dividing up spheres of influence. There were 197 armed fights in the first half of this year alone, leaving 32 people dead and 88 wounded. And the combat actions are continuing—witness the recent assault rifle shootout which ended with five people lying dead right near the Internal Affairs Ministry itself.

Not only do you have "iron pumpers" with revolvers participating in these fights but, increasingly, professionals able to handle more serious weapons. According to Yegorov, his people know of many cases where former Internal Affairs Ministry and KGB officers have joined the mafia's ranks. But Mr. Moody and Mr. Heim admitted that they had not had under surveillance a single Russian mafioso who was a former employee of the special services.

It has to be said that the 5,000 operatives under Mikhail Yegorov and the 3,000 staff supporting them in operations and investigation are earning their money. In just the first six months of the year they managed to unravel 2,500 criminal cases in the organized crime sphere. Around 300 of them had a foreign element.

Now that the heads of the criminal services have decided to open up a second front in the fight against the mafia, without waiting for calls from parties and governments, it will be hard going for our mafia, hopefully. Political and state services rendered, as Yegorov put it, will not save them once they have ceased to honor the Criminal Code and have committed a punishable offense.

Space Agency's Koptev Explains India Rocket Decision

PM1708142693 Moscow ROSSIYSKIYE VESTI in Russian 17 Aug 93 p 7

[Article by Yuriy Nikolayevich Koptev, general director of the Russian Space Agency, under the "Viewpoint" rubric: "How To Save the Russian Rocket Industry"]

[Text] The recent talks in Washington and the amendment to Russia's deal with India for the delivery of our cryogenic engines and the technologies for their manufacture served as the pretext for political speculations in a certain section of our mass media. Some journalists started to complain that the American dictators had twisted the Russians' arms and forced them to go back on earlier agreements.

Well, nowadays the free press can say anything about anything. But democracy does not mean that the speaker is not responsible for his words. On the contrary, a democratic atmosphere presupposes that facts are checked and that the conclusions drawn from them are carefully considered. Unfortunately, that cannot be said for the press coverage of this particular event in interstate relations. I will not repeat my opponents' "arguments." I only want to know what it is they are asking us to do? Close our eyes, pretend not to notice the political realities, and bang our heads against a brick wall? These are the realities. Since 1987 a regime of nonproliferation of missile technologies has been in existence. Seven countries recognized it initially. Now 25 states adhere to it. They include the leading powers in the sphere of space and missile technology. However, another 22 countries, apart from these, also possess missile technologies. And some of them are located in hot spots—the Near East, Latin America, the Asian and Pacific region, where there are many "centers of confrontation."

The examples of Yugoslavia and the interethnic conflicts within the former Soviet Union show that at a certain point, arguments and restraining factors cease to operate for countries locked in confrontation, and hostilities begin. The next stage is that the warring parties are ready to set in motion the entire arsenal of weapons at their disposal. It is well known that Grads are already being used, with versions of ammunition which, under international norms, are banned for use in hostilities in regions with a civilian population. Thus short-term interests often prevail over a considered position. Therefore the nonproliferation of missile technologies is not some kind of hypothetical problem, but a real and vital issue.

Many countries which possess missile weapons owe this to the Soviet Union. For instance, we sold North Korea the Scud operational-tactical missile, with a range of 300 km. Now a system has been developed, based on it, with a range of 1,500 km. Using modern means of delivery, certain developing countries are developing their own chemical weapons. And this is not just happening somewhere in a remote region of the world. All this creates a real threat to security not only for this or that region of the planet or for the world in general, but for Russia too. Who can guarantee, for instance, that missiles from Afghanistan will not be launched against our country tomorrow?

Therefore the first question that was discussed during the trip to the United States was Russia's attitude toward the regime of nonproliferation of missile technologies. This is not a new problem. Back in 1990 M. Gorbachev, while in America, made a statement on the nonproliferation of combat missiles and missile technology. This stance was subsequently confirmed by the Russian leadership. We pledged to take account of the international rules and standards that exist under the regime. From February of this year our own national regime has been in operation. But, unlike the international one, this permits the transfer of certain missile technologies, albeit under strict monitoring.

The talks have been in progress for about four years already. At the earlier stages, when the Russian delegation was headed by Aleksandr Shokhin, a memorandum was more or less agreed. Only four points remained unresolved, and these fell to the lot of our delegation. They are: the extension of the regime to Russia's internal cooperation with CIS countries; the question of symmetrical information exchange; the problem of relations with third countries; and the time scale for Russia's adherence to the regime. Agreement was reached on all these contentious points. But of course, had it not been for the earlier work of our colleagues at the Foreign Ministry, the Ministry of Foreign Economic Relations, and the government, we could not have compiled a package of documents numbering more than 100 pages in just two days.

The point of the accord is that we take on a commitment to stop deliveries of missile technologies and production capacities abroad, but without any restriction on the sale of finished products under specific monitoring. A procedure for Russia's direct entry into the regime is stipulated.

Russian legislation must be brought into line with it by 1996. During that period we will be regarded as a country which abides by the regime. If the countries belonging to it wish to make amendments prior to 1996, they are obliged to hold consultations with Russia and take account of its position as far as possible. If our fundamental wishes are not taken into account, we reserve the right to leave the regime. We initialed the memorandum, agreed on wordings, and drew up a document ready for Prime Minister Viktor Chernomyrdin to sign.

Under these accords, we are obliged to amend our agreements with India regarding the sale of cryogenic engines. Before making that decision we consulted with four independent experts. They all confirmed what I, as a professional engineer, knew already. Namely that these technologies could be used for military purposes.

The opposition claims that the breaking of the contract will lead to a deterioration in relations with India and other developing countries with which it has influence. That is to say, we will lose a reliable market. I am no expert on these matters and I am not going to say how it will affect the sales of, for instance, a fighter aircraft to some particular country. But I know that in recent years Russia's share of the weapons market has fallen to one-third of its previous level. The Indian deal is beside the point. The reason is not an incorrect political course, but, for sure, the fact that we do a bad job.

On the other hand, I do not understand how the developing countries could reorient themselves toward the West overnight, on the basis of particular political motives. They have already bought plenty of Russian weapons and need spare parts and servicing. Or are they going to fit American components to Russian tanks?

India undoubtedly has an interest in developing links with Russia, as we do too. An official Indian Foreign Ministry spokesman expressed regret at the amendment to the contract. But he warned against jumping to conclusions about how it will affect all aspects of Russian-Indian relations. The cryogenic project is not all there is to our cooperation in the sphere of space. We have accords on the launching of Indian satellites and the use of the infrastructure on the ground. We are prepared to work together in the sphere of telecommunications, ecological monitoring, and earth observations.

Also, sanctions previously imposed on the Indian Space Research Organization did not help the sector's development. The country uses many European and American components. These same sanctions were a severe blow to Russia. They applied to the three main enterprises in the space sector—the Khrunichev Plant, the Salyut Design Bureau, and the Isayev Design Bureau. That meant that we were deprived of any access whatever to the market for international launches, which we have been trying to penetrate since as long ago as 1984. Moreover, we are hampered by a large number of legal barriers, including COCOM [Coordinating Committee for Multilateral Export Controls] and amendments to U.S. legislation.

To bring about the lifting of restrictions on the use of Russian technology for space launches, it is necessary to adopt the appropriate political decisions. Chief among these is adherence to the memorandum on the nonproliferation of missile technologies. Thus, two other documents initialed in Washington are closely linked with the problem of this nonproliferation regime. One is the agreement on Russia's access to the market for space launches. A total of 104-106 launches are expected worldwide by the end of the century. There are already "hosts" for 66 of these. U.S., European, and maybe even Japanese or Indian companies will compete for the other 40. And if we do not gain access to that market today, we never will.

In Washington we agreed that in 1996-2000 Russia will be able to carry out between 12 and 16 launches. Each is worth $50-60 million. That money is ours, provided we can win the tenders. From now on, there will be no legal obstacles in our path.

An agreement was also initialed with NASA. It is in two stages. The first includes flights by Russian cosmonauts on the Shuttle in November and April and work on board our Mir space station by a U.S. astronaut in March. By 1997 there will be a further three or four joint flights, and a program to extend the station's life will be formulated. The second stage still requires additional study and coordination.

In the first stage alone, from November of this year, the Americans are prepared to invest $100 million a year in the program. That figure is comparable to the total annual budget of the Russian space industry.

Our space sector is in dire straits at present. We have already lost 34 percent of our doctors and candidates of sciences, who have gone elsewhere. The workers' average wage is 19,000 rubles. And I am not sure we are capable of continuing the Mir-1 program and at the same time launching Mir-2, as is proposed. Will our space industry survive? Who got it into such a state? Our American enemies? No, it is a reflection of the situation the country is in. The only realistic solution is to attract foreign partners, especially in those spheres in which they themselves show an interest.

Therefore, if we seriously intend not only to preserve our space industry, but to move forward, the realities must be taken into account. Access to the world market requires the appropriate political "backing." We must move away from ideological stereotypes and look at things soberly. Of course, there may be different views. For too long we marched in formation and had identical thoughts. Discussion and the exchange of opinions are entirely natural processes in any sphere. But they must not be dragged out endlessly. It is time to make decisions.

Many of the mass media see the Indian deal from yesterday's perspective—long live national principles, let us not offend India! And nobody will look aside, to right or left. Yes, I agree that relations with India are a major policy issue. But saving the Russian rocket industry is no less important a task. Russia's responsibility for ensuring that the world does not blow itself up tomorrow and countries do not start launching missiles, including Russian-made missiles, at each other—that is the number one issue. Therefore, before making any assertions, we must consider the problem from every angle. Let us look ahead and decide which is more important to us—short-term political ambition, or our country's security, stability in the world, and the preservation of Russia's status as a great space power.

Glavkosmos Reportedly Pursuing Deal

PM1708083993 Moscow IZVESTIYA in Russian 17 Aug 93 First Edition p 4

[Sergey Leskov report: "Russian Space Industry Does Not Yet Know Whom To Emulate"]

[Text] The ins and outs of the contract to deliver boosters for cryogenic engines to India continue to be actively discussed at various Russian departments. The situation is extremely confused: Despite the results of the Washington talks by the new "team" headed by Yuriy Koptev, general director of the Russian Space Agency, the Main Administration for the Development and Use of Space Technology for the National Economy and Scientific Research [Glavkosmos] is continuing to meet its commitments under the Indian contract without any letup.

The situation is compounded by the fact that the funds earned from our few international contracts are the only and last chance for survival for the Russian space industry. In 1988-1993 the number of specialists employed on the space program fell by 30 percent. And the number of scientists working for the space sector fell by 35 percent. Average earnings in the sector are... 19,600 rubles a month. Despite the fact that the space sector requires long-term investment, it is only receiving 30 percent of its budget appropriations, and even that is being paid on a month-by-month basis.

IZVESTIYA was told by Glavkosmos Deputy Director Oleg Firsyuk that his organization has not received any official documents compelling it to stop meeting the contract. Specialists from the "Khimmash" Design Bureau named for Isayev and the "Saturn" Science and Production Association—where the oxygen-hydrogen liquid-propellant rocket engines were developed—are still traveling to India, and Indian engineers are diligently studying Russian technology in our country.

According to Glavkosmos calculations, if the contract were to be torn up, Russia would lose $300 million, and no less than 100,000 Russian specialists, who are working on the Indian order, would be left jobless. Glavkosmos is also scathing about the Koptev team's pledge to give the Americans full information on missile technology contracts as of 1990, which could considerably complicate relations with enterprises in the CIS aerospace complex.

It is curious that even Yuriy Koptev himself does not deny the Glavkosmos argument that oxygen-hydrogen liquid-propellant rocket engines cannot be used on missiles. But, ultimately, there is a danger—even if India is entirely sincere and is not currently contemplating this—that these engines could be transformed and improved for military purposes. This is just what happened to the Soviet missiles called "Scud" in the West. Certain egg-heads were able to increase their 300-km range—which is in line with the missile technology nonproliferation regime—to 1,000 km.

Yet another counterargument is advanced by the Russian Government expert Vladimir Pivnyuk. According to his information, the figures presented by Glavkosmos to substantiate the exceptional advantages of the Indian contract do not correspond to reality. The actual amount of the contract is just $140 million. And equipment worth $33 million has currently been shipped. Glavkosmos Director Aleksandr Dunayev protests that, at any event, the Americans' vague promises to ultimately allow Russia access to the market for space services cannot stand comparison with real, "hard" money.

Of course, our gains from possible cooperation with the United States and West Europe cannot be compared to contracts with the developing countries. Yuriy Koptev makes the following assessments of the West's possible space orders from Russia: launch of communications satellites, $600-700 million; phase one of cooperation on the "Mir" space station, $400 million; participation in building the "Freedom" space station, $800-1,100 million. But, when asked how realistic Russia's chances of winning international tenders are, Yuriy Koptev frankly replied: "I cannot say. But it is better to try to get into the market than to nip the idea in the bud."

For any serious businessman, entering a market goes hand in hand with the need to carefully study market conditions. Unfortunately, lulled by the real might of our rocket technology, we had until recently explained our commercial failures in this unique market by reference to the COCOM [Committee for Multilateral Export Controls] restrictions and the hostile actions of perfidious Western businessmen.

But the reality which is preventing Russia from filling the whole world with its missiles and satellites is as follows. There were just 19 launches on the open market in 1992. The sphere of these services is not only not expanding but is tending to decline. Only 104 satellites will have entered the open market by the year 2000. Launch arrangements have already been made for 60 of them. The record-holder in this area is the European Ariane rocket, which has 40 orders. The Russian "camp" has just one commercial launch—for the Inmarsat satellite. But even this success was not the result of winning a tender, it was the consequence of a political decision by the U.S. and Russian Presidents. In this situation we are hoping that several low-earth-orbit Iridium spacecraft will enter our portfolio like manna from heaven. Russian hopes are basically pinned on the powerful Proton rocket, which has been tested many times in practice—unlike the French Ariane-5, which is still under construction.

Thus, in the space services market which we are eyeing so longingly, virtually all the slots have been filled for many years to come. Yes, it is very hard to answer the age-old question of which is better—a bird in the hand or two in the bush. It is basically a question of the Russian space industry choosing its development strategy and its priorities in world cooperation.

In this situation it would be exceptionally important for the space industry if we were to focus the efforts of all our structures working at commercial level. But it has to be stated that the Russian Space Agency and Glavkosmos, which have emerged from the bowels of the powerful and now-defunct Ministry of General Machine Building, are wasting a considerable proportion of their energies on recriminations. Yet, in private conversations, representatives of both departments sadly state that at a certain point the conflict over the cryogenic engines could have been resolved peacefully and calmly—even the Americans had already compromised. But there followed the angry and fabricated accusations from the parliamentary rostrum—where the former cosmonaut Vitaliy Sevastyanov was particularly active—and the departments clashed head on, to the delight of politicians who had made political capital out of it.

The material damage to Russia from this domestic confrontation is yet to be determined. The Indian cryogenic engine contract is currently being viewed not from the economic standpoint—as it should be—but as just another argument in the battle between parliament and government.

Brazil To Produce Aircraft Using Russian Technology

LD1608140393 Moscow ITAR-TASS in English 1331 GMT 16 Aug 93

[By ITAR-TASS correspondent Vadim Chistov]

[Text] Brasilia August 16 TASS—The first stone was laid in the foundation of a new enterprise, which will assemble aircraft using Russian technology, in a ceremony in the Brazilian city of Linhares (Espirito Santo State) on Sunday.

"It is the first deal to transfer Russian aviation technology signed between Russian and Brazil," said Igor Piyankov, head of the "Aviatika" joint stock company.

Aviatika and the Brazilian company Sinus signed a contract in Moscow two months ago to set up a joint venture. In accordance with the contract the enterprise in Brazil will assemble the "Aviatika 890" planes—light, one or two-seat aircraft with the take-off weight of up to 450 kg for use in agriculture, forest guard and traffic patrolling and sports.

Disarmament Representative Addresses Geneva Forum

LD1708141393 Moscow ITAR-TASS World Service in Russian 1007 GMT 17 Aug 93

[By ITAR-TASS correspondent Konstantin Pribytkov]

[Text] Geneva, 17 Aug—"Now that disarmament processes have started bringing tangible results, no one should have any justifications for looking for or acquiring weapons or technologies of mass destruction," Valeriy Zemskov, Russia's acting permanent representative, said today at a plenary session of the Disarmament Conference taking place in Geneva. Stressing that "the Russian Federation will continue to give priority to the issues related to the nonproliferation" of nuclear, chemical, and biological weapons, he singled out the most important directions of work, capable of bringing about major improvements in this area.

Russia attaches primary importance to the retention and all-round strengthening of nuclear nonproliferation arrangements. We intend, the speaker said, to work toward ensuring that the 1968 Nuclear Nonproliferation Treaty becomes universal and that it is extended for an indefinite period at the conference to be held in 1995. If Ukraine, Belarus, and Kazakhstan join it, as nonnuclear states, this will be a decisive factor in preserving the nonproliferation regime. Russia advocates that multilateral talks should be started on the drafting of a treaty for a comprehensive nuclear test ban (a consensus decision on this was reached within the framework of the Disarmament Conference). We favor parallel discussions on this.

On the one hand, there should be multilateral talks at the conference, on the other, there should be talks among the five nuclear powers, the Russian representative noted. He also called for the drafting of a multilateral agreement, setting out a single formula for security guarantees extended to nonnuclear states by nuclear ones.

The Russian delegation proposes that detailed talks begin at the Conference on Disarmament on devising a multilateral agreement on the controlled halting of production of fissile materials. There should also be discussion of the issue of putting weapons-grade materials, released as a result of the destruction of nuclear arms undergoing reduction, under international control (under the auspices of the International Atomic Energy Authority) by all nuclear powers.

In the area of export control on arms, the Russian leadership again focuses attention on discrimation against Russia by the Coordinating Committee for Multilateral Export Controls [COCOM]. "An end should be put to this practice," the Russian representative said. But if there is a desire to retain COCOM as an institution, then it would be a good idea to transform it into an instrument of constructive cooperation.

The Russian Federation, holding in high esteem the conclusion of the convention banning chemical weapons, believes that if the convention comes into force as soon as possible this will represent an important guarantee against the proliferation of such weapons. Russia will pursue cooperation with other interested states within the framework of the Hague preparatory commission, directing its efforts there to making the convention universal in nature.

The Russian Federation spokesman remarked that, while reaffirming its adherence to the goals of the 1972 convention banning biological weapons, Russia along

with other states welcomes the convening in 1994 of a special conference of states participating in the convention to decide on further steps to strengthen its monitoring mechanism.

Yeltsin Spokesman Calls 1956 Pact on Kurils 'Unrealistic'

OW1808001893 Tokyo KYODO in English 0004 GMT 18 Aug 93

[Text] Moscow, Aug. 17 KYODO—A spokesman for Russian President Boris Yeltsin said Tuesday [17 August] the 1956 Russo-Japanese joint communique suggesting the eventual return of two of four disputed islands has become "unrealistic" to implement.

The spokesman, Anatoliy Krasikov, made the remark in an interview with KYODO NEWS SERVICE after Russian Prime Minister Viktor Chernomyrdin denied the existence of a territorial dispute between Russia and Japan.

The Russian news agency INTERFAX reported that Chernomyrdin said "the issue is nonexistent" as far as he is concerned.

He was responding to a question from Japanese television reporters during a visit to Sakhalin island.

In Tokyo, a senior Japanese Foreign Ministry official, reacting to Chernomyrdin's comment, said the Russian prime minister has long been a conservative and his view represents only a portion of the Russian people.

Krasikov suggested that Russia would not honor the 1956 pact which calls for the reversion of the Habomai group of islets and Shikotan island to Japan following the conclusion of a peace treaty.

Japan has long called for the return of the islands of Etorofu, Kunashiri, Shikotan and the Habomais which the Soviet Union seized at the end of World War II.

Krasikov also said in the interview that Chernomyrdin's comment on the territorial issue would have no bearing on Yeltsin's projected trip to Tokyo in mid-October.

But the spokesman noted that the mid-October itinerary was just one possible schedule under consideration.

"Even if it is not realized in mid-October, it cannot be taken as a postponement," Krasikov said.

The Japanese Foreign Ministry official in Tokyo said Russian Vice Foreign Minister Gregoriy Kunadze will visit Japan next week for talks with senior Japanese officials on Yeltsin's planned trip to Tokyo.

Baltic Issues Discussed During Kozyrev Visit to Sweden

PM1708113393 Moscow IZVESTIYA in Russian 17 Aug 93 First Edition p 3

[Marat Zubko report: "Russian Minister Explains Moscow's Position on the Baltic States"]

[Text] Stockholm—During the talks with Swedish leaders which Russian Foreign Minister A. Kozyrev held during his brief working visit to Stockholm, the question of Russia's relations with the Baltic states was raised.

Stockholm has just played host to British Prime Minister J. Major, whose statement about the speedy and unconditional withdrawal of Russian troops from these states was also supported by Swedish Prime Minister Carl Bildt.

I do not know whether Carl Bildt was persuaded by the letter passed on from Russian President Boris Yeltsin by A. Kozyrev, which explains the Russian Government's position on the Baltic states—particularly on the question of the position of the Russian-speaking population. The prime minister restricted himself at the press conference to stating that there continue to be good relations between Russia and Sweden.

But your correspondent has learned that, on the whole, the talks were held in the following spirit—yes, our countries do have differing views on certain issues, but there is also a overall understanding that disputes should be resolved by peaceful means alone and on the basis of the CSCE principles.

Swedish journalists would have tried to ask our minister some questions about the troop withdrawal, but he somewhat cooled their ardor by stating that, "I would not at all want to be traveling to Estonia next year to be conducting cease-fire talks." He recalled that too much blood has already been shed—in Georgia, Nagorno-Karabakh, and Yugoslavia.

A. Kozyrev stressed that the Baltic countries and Russia should sign Russian troop withdrawal agreements that cover any issues that may arise. He had in mind the sort of agreements that were previously concluded with Germany, Poland, the former Czechoslovakia, and Hungary.

Appealing to the Swedish leaders, the minister said that Sweden, which has developed a sound system for the protection of human rights, could help to promote the elaboration of a similar system in the Baltic countries.

EC Aluminum Quota 'Directly Counter' to Promises of Aid

PM1708090393 Moscow IZVESTIYA in Russian 13 Aug 93 First Edition p 4

[Aleksey Portanskiy report: "Restrictions on Russian Exports Contradict Statements by the West on Support for Our Reforms"]

[Excerpts] Russian Foreign Economic Relations Minister Sergey Glazyev lodged a protest with the EC Commission's mission in Moscow a few days ago in connection with its unilateral decision to introduce protective measures in respect of the import of Russian aluminum.

Under this decision, the EC Commission set a quota for imports of aluminum from Russia and other CIS states of 60,000 tonnes for the period from August through November. [passage omitted]

According to Russian experts, the chief advocate of the European Commission decision is France's Pechiney company, which currently has subsidiary firms for producing aluminum in Cameroon and Australia. Their output is intended to fill the aluminum breach in the European market which is opening up as a result of restrictions on the import of the metal from Russia.

This, however, will hardly affect today's aluminum prices. After all, even though the European market will once again be saturated, our aluminum will continue to feature on the London Metal Exchange. Thus pressure on the market will not ease.

Finally, there is no getting away from the political aspect of the problem. The EC Commission's decision runs directly counter to repeated statements by our Western partners on the subject of firm support for Russian reforms. It is not difficult to calculate that economic losses for Russia from restrictions on the sale of aluminum through the year will exceed the entire sum of money earmarked by the EC to grant us technical and other forms of assistance.

Foreign Firm's 'Slave-Driving Tactics' Provoke Strike

PM1708160993 Moscow Russian Television Network in Russian 1000 GMT 13 Aug 93

[Video report by T. Yurevich and V. Terekhov from Volgograd; from the "Vesti" newscast]

[Text] [Yurevich over video of construction site] This is an international construction project. This settlement for servicemen withdrawn from Germany is being built by construction workers from the FRG, Yugoslavia, Turkey, Portugal, and Russia. Problems have arisen with just one firm—the ("Italsovmon"?) joint venture. Having been issued with no special clothing, the workers work in shorts. Bedclothes have not been changed for a month and a half, and there are major problems with accommodation and food. The Russians declared a strike but, unfamiliar with the rules of the game, they suffered an immediate defeat. The foreign firm dismissed most of them next day—the remaining construction workers broke their contract out of solidarity with those on strike and they too left the site. But the slave-driving tactics of ("Italsovmon"?) were dealt with severely by the oblast trade union council and the oblast administration.

Defense Plant's Civilian Shipbuilding Program at Risk

PM1708134593 Moscow Russian Television Network in Russian 1900 GMT 14 Aug 93

[Video report by V. Loyter, Ya. Berlin, and A. Ivanov from Arkhangelsk; from the "Vesti" newscast]

[Excerpt] [Loyter] Under the conversion program Severodvinsk's defense plants are to switch to producing civilian output. Today the state order at the "Sever" Production Association or the "Zvezdochka" plant makes up 47 percent of all output, while civil construction accounts for the rest. Orders from foreign firms make up a significant part of the latter. Over the last few years "Zvezdochka's" workshops have produced five ships for the Dutch firm Sveds [as heard] and a sixth is on the way. It is to leave for the Netherlands 30 August. But it turned out that the ship's future owners, Messrs Bergsma [as heard], were unable to enter the plant to examine the goods. The plant management had received a directive from the Russian Federation Committee for the Defense Sectors of Industry categorically banning foreign citizens from entering the plant compound. This in effect means the end of all foreign economic activity and will wreak irrevocable damage on the plans for conversion of this and other defense enterprises. [passage omitted]

Political Issues

Yeltsin, Legal Experts Discuss Ways Out of Crisis

LD1708170993 Moscow ITAR-TASS World Service in Russian 1510 GMT 17 Aug 93

[Text] Moscow, 17 Aug (ITAR-TASS)—Russian President Boris Yeltsin had a meeting in the Kremlin today with a group of prominent Russian legal experts. A number of questions concerning the provision of a legal foundation for his strategy to surmount the constitutional crisis was discussed. According to what ITAR-TASS has been told by the press service of the Russian head of state, it was noted during the discussion that despite an undisguised process of sabotaging the constitutional and economic reforms on the part of the Supreme Soviet, the search for legitimate ways of getting out of the crisis has not been exhausted. It was emphasized, in particular, that the decision by the Petrozavodsk sitting of the Council of the Heads of Republics to set up the Federation Council was an important step toward resolving the situation.

An analysis of the political situation, carried out during the meeting with the legal experts, shows that most parties and movements are for the speediest possible holding of parliamentary elections. The 12 August meeting of the participants in the constitutional conference supported this idea, too. Referring to experience gathered elsewhere in the world, the legal experts stressed that new elections are regarded in democratic states as the most effecttive "political medicine." According to the information given by the press service, those present noted that the Russian president had enough constitutional powers to cut through the knot of diarchy, which is ruinous for the country. During the discussion, the president was presented with various options for action; their legal terms of reference and opportunities for political maneuvres were examined.

Rutskoy Address Recognizes 'Danger', Urges 'Utmost Self-Control'

PM1708185993 Moscow PRAVDA in Russian 18 Aug 93 p 1

[Unattributed report: "Aleksandr Rutskoy: Country Being Brought To Danger Point"]

[Text] Russian Federation Vice President Aleksandr Rutskoy has issued an address to the citizens of Russia. The address says: I receive numerous written and verbal messages from Russians demanding that the Russian vice president express his attitude toward the plans and actions by radical politicians who discuss Russia's present and future in terms of a military engagement.

Despite all the poltical campaigning by official propaganda, which seeks to pass off the fundamental collapse of the economic and political reforms in Russia as a success for democracy and the market, the majority of Russians have realized that the country is being run by people who do not associate themselves with Russia's national interests. The drastic and massive shift in the public mind toward a critical view of the results of the radical democrats' two-year experiment on the Russian state and its people has extremely alarmed the president and his "Democratic Russia entourage." For the first time since the collapse of the Soviet Union the Russian authorities in Moscow are actually faced with the prospect of wide public resistance and protest. Their position is aggravated by the involvement of several "leading reformists" in illegal activity.

The center's influence on the situation in Russia's regions has dwindled to a minimum. The unity of our sovereign and federal Russia is becoming hostage to an unprincipled political game. The country's national security system has virtually collapsed. Russia has essentially lost its autonomous role in foreign policy.

Given these conditions, the president's discredited political entourage is persistently urging Yeltsin to take strong-arm actions, concealing them by deliberate and artificial confrontation between the representative and executive branches of power. Instead of efforts toward constructive collaboration between the president and parliament and urgent modification to social and economic policy, our society is being palmed off with drafts of a new constitutional system for Russia. The whole plan is based on removing the lawfully elected Supreme Soviet of the Russian Federation. The country is thus being brought increasingly closer to the point beyond which you can really see blood, violence, chaos, and the collapse of Russian statehood...

I call on the citizens of Russia to show vigilance and utmost self-control. In no circumstances must a pretext be given for the initiation of acts of repression and the introduction of a state of emergency in the country. It is essential to do everything possible to maintain law and order and constitutionality in Russia. At the same time I warn all those who are hatching and preparing plans for "decisive battles" that they will inevitably be held accountable to the people for this.

Citizens of Russia! Whatever political views we may hold, we all have but one fatherland—Russia. It is now insulted and humilated. But there is a growing determination of the people to rally for the sake of the revival that befits it.

Reservists To Ensure Order in Event of 'Provocations'

LD1708133993 Moscow Radio Rossii Network in Russian 1300 GMT 17 Aug 93

[Text] Ministry of Internal Affairs reserve forces will be set up in Moscow to guarantee law and order 19-21 August, Vyacheslav Ogorodnikov, head of the main directorate of law and order of the Russian Ministry of Internal Affairs, told an RIA correspondent.

He said that the reserve forces would be subordinate to acting Internal Affairs Minister Yevgeniy Abramov. It is intended to be made operational only if one column of demonstrators deviates from its route or in the event of provocations.

Yeltsin Vetoes Parliament's Changes to Mass Media Law

LD1708132193 Moscow Ostankino Television First Channel Network in Russian 1100 GMT 17 Aug 93

[From the "Novosti" newscast]

[Text] Russian Federation President Boris Yeltsin has effectively vetoed a law making amendments and additions to the Law on the Mass Media adopted by the Supreme Soviet. An appeal from Boris Yeltsin to parliament Chairman Ruslan Khasbulatov, the text of which we have obtained today, is systematically critical of at least 13 clauses in the law for not being in accordance with Russia's Constitution and a number of other legislative acts.

The president draws particular attention to the article of the law concerning the councils dealing with freedom of speech in state radio and television broadcasting. The creation of bodies effectively carrying out the functions of a censor of mass information, the appeal says, runs counter not only to the Constitution and the law of the land but also to Russia's international obligations on ensuring citizens' right to freely seek out, obtain, and disseminate information.

Boris Yeltsin has asked the Supreme Soviet to reconsider the law making amendments and additions to the Law on the Mass Media, taking into account his remarks and suggestions.

Yeltsin's 'Mystery' Letter on Media Viewed

MK1808090993 Moscow KOMMERSANT-DAILY in Russian 18 Aug 93 p 2

[Ivan Sidorov report: "President's Letter to Russian Supreme Soviet; Boris Yeltsin Makes an Attempt To Protect the Press"]

[Text] The president decided to protect the electronic mass media against parliament, which is seeking to put the media under its control. He did it, however, in a rather odd way, so that as few voters as possible would find out about it. Boris Yeltsin signed a letter to Supreme Soviet Chairman Ruslan Khasbulatov back on 6 August. In it, the president asked parliament to revise the law: "On Amendments To the Law 'On The Mass Media.'" This law, dealing in particular with the creation of a Federal Council To Ensure Freedom of Speech on State Television and Radio Broadcasting, gave rise to public fears. As late as yesterday, the president's entourage allowed a deliberate news leak when the "Ostankino" news program reported the existence of the letter. Remarkably the full text of the letter is still inaccessible. Officials in the president's services would not let KOMMERSANT-DAILY see the text of Boris Yeltsin's letter to Ruslan Khasbulatov. Those in the office of the president said that "Ostankino" people obtained the letter through good connections among those close to the president. As for Boris Yeltsin's press service, its members think that correspondence between the country's top persons dealing with the media was an "internal affair."

In the meantime, it is evident from odd pieces of information available to KOMMERSANT-DAILY that Boris Yeltsin objected to many amendments to the law "On the Mass Media." First and foremost, the president criticizes the creation of Federal Councils To Ensure Freedom of Speech on State Television and Radio Broadcasting. The provision dealing with the council, to be formed predominantly from representatives of deputy factions, gives this body such wide-ranging powers that television and radio virtually would find themselves under parliament's control. Journalists feared that the right given to the council to interfere in television programing policy may, in addition to everything else, considerably lower the quality of programs.

In his letter, Boris Yeltsin, implying the Federal Council as it were, calls the deputies' attention to the fact that "creation of a body that in fact carries out the functions of censorship contravenes not only the Constitution and the country's laws, but also Russia's international commitments to promote citizens' freedom to seek, receive, and disseminate information."

Boris Yeltsin asks deputies to once again revise the Law on Amendments, taking account of his remarks and proposals. Most probably, they apply to those articles in the law that were expanded by the Supreme Soviet in such a way as to curtail the possibility for journalists to criticize bodies of the representative branch. As for the mass media, they are now threatened with closure for utterances disloyal to the existing state system. It is also possible that Boris Yeltsin suggests that deputies should instead create on television and radio a Federal Guardianship Council comprised of competent professionals, authoritative public figures, and well-known art and culture workers, instead of currently active politicians.

Given the fact that in their amending the Law "On the Mass Media" the deputies, displeased with criticisms directed against them by the mass media, had become slaves to their emotions rather than showing a concern for freedom of speech, the veil of mystery around Yeltsin's letter seems very strange. One may suppose in this connection that having seen that attempts to bypass parliament on a legal basis were in vain, he realized that actions exceeding the limits of the Constitution would not be supported in the regions. Therefore, Boris Yeltsin had to compromise, and is using amendments to the press law as a trial balloon. Hoping for a favorable response, the president did not perhaps try to prematurely raise a stir around his letter that would crescendo into a sharp criticism of the Supreme Soviet.

Shumeyko, Fedorov Oppose Financing of Media Council

LD1708180093 Moscow ITAR-TASS in English 1727 GMT 17 Aug 93

[Text] Moscow August 17 TASS—First Russian Vice-Premier Vladimir Shumeyko and Russian Vice-Premier Boris Fedorov have sent a letter to heads of republican, territorial and regional administrations, chairmen of TV and radio companies and heads of republican, territorial and regional financial departments in response to a parliament resolution "On Federal Council to ensure the freedom of speech in state TV and radio broadcast".

The document received by ITAR-TASS today says "Resolution 5450-1 'On Federal Council to ensure the freedom of speech in state TV and radio broadcast' adopted by the parliament on July 15 provides for the formation of a Federal Council to ensure the freedom of speech in state TV and radio broadcast and approved temporary provisions on Federal Council, under which the Russian Government shall finance the above-mentioned council and assign offices to it".

Vladimir Shumeyko and Boris Fedorov called attention to the fact the parliament resolution violates the current legislation, as the Federal Council shall be a budget non-commercial organization on its organizational-legal form.

"It should be noted in this connection that Item 1 of the resolution on the council runs counter to Article 31 of fundamentals of the Russian legislation on culture." Besides, "In accordance with Article 13 of fundamentals of the Russian civil legislation, a founder of a juridical person can be either a property owner or bodies authorized by him. The Supreme Soviet is not a property owner or an authorized body, thus it exceeded its powers".

"The nomination or removal from a ruling post of both all- Russian and regional state license owner shall be done in accordance with its juridical status and not by the council". The granting of such a function to the council (Part 11, Item 5) "is illegal since the nomination and removal procedure has been established by the current legislation, including Article 20 of the Russian law 'On mass media' and Article 31 of fundamentals of the civil legislation," noted Shumeyko and Fedorov.

In their opinion, all functions and powers of the council are "of control character and run counter to Item 6 of the temporary provisions and Article 31 of fundamentals of Russian legislation on culture".

The document says "the budget submitted by the Russian Government and currently fulfilled does not provide for financing of the council.

"In this connection, it is impossible to finance the Federal Council to ensure the freedom of speech in state TV and radio broadcast, as well as assign offices to it".

Yeltsin Chairs Crime, Corruption Commission

LD1808090593 Moscow Mayak Radio Network in Russian 0830 GMT 18 Aug 93

[Text] Our correspondent in the Kremlin reports that a sitting of the inter-departmental commission of the Security Council on combating crime and corruption in Russia is taking place with Boris Yeltsin in the chair.

There are two items on the agenda—eradicating criminal groups on the territory of the Russian Federation and combating corruption in the top echelons of power.

There will be a news conference today at the Ministry of Foreign Affairs press center for Russian and foreign journalists at which Russian Federation Justice Minister Yuriy Kalmykov; Aleksey Ilyushenko, head of the supervisory directorate of the president's administration; Aleksandr Kotenkov, head of the state legal directorate of the Russian Federation president; and Andrey Makarov, head of the directorate for the work of the inter-departmental commission combating crime and corruption, will talk about the session of the commission.

Shumeyko Not To Appear for Questioning on Abuse of Office

LD1808023193 Moscow Radio Rossii Network in Russian 0100 GMT 18 Aug 93

[Text] Vice Premier Vladimir Shumeyko was forced to have recourse to the services of a lawyer after the procurator general's office warned him of the possibility of being sent for questioning in a case of abuse of office. The vice premier's advocate proved that under the Russian Constitution Vladimir Shumeyko does not have to appear for questioning.

Chernomyrdin Chairs Commission To Revise Reform Program

MK1808074593 Moscow NEZAVISIMAYA GAZETA in Russian 18 Aug 93 p 2

[Unattributed report under the "In Brief" rubric]

[Text] Moscow—A commission has been formed to revise the draft: "Working Program of the Council of Ministers-Government of the Russian Federation for 1993-1995: Extension of Reforms and Stabilization of the Russian Economy." Russian Federation Prime Minister Viktor Chernomyrdin has been tasked with heading the commission. All of his deputies; a number of ministers; and the chairmen of sectoral committees, chiefs of local organs of power, and other persons are included on the commission.

Former Security Officer Reveals FAPSI 'Secrets'

MK1708012593 Moscow SEGODNYA in Russian
No. 43, 17 Aug 93 (Signed to press 16 Aug) p 7

[Ignat Baryshnikov report in "Secrets?" column: "Secret Commerce"]

[Text] FAPSI stands for the Federal Agency for Government Communication and Information under the Russian Federation President. A former security officer, who worked for the KGB and then FAPSI and who happily served until his retirment, decided to share some information about the specifics of this agency, but for the sake of his own tranquility asked that his name not be divulged. The editors do not know what prompted him to give this account.

The facts that I will present are easily verifiable. So, what is FAPSI? It is the Russian counterpart of the U.S. National Security Agency. The main task of the Russian special service is to convey confidential information to the country's leadership. In Russia, only FAPSI controls communication means that can be used to get in touch with any point on earth promptly and without any hindrance. This department has wire, radio, and space communications channels at its disposal. For instance, the famous "vertushka" [secure telephone communications between high party and government officials] is serviced and maintained by FAPSI specialists. They are also responsible for the security of government and special communications lines, i.e., timely identification of monitoring devices, and their neutralization or blocking.

Intelligence activity is also part of FAPSI's functions. It is conducted by technical means. This, for instance, could be interception of radio or telephone messages, their decoding, identification of transmitting devices, and so forth.

Under the new front notice of "Federal Agency," three technical directorates of the abolished KGB and two civilian organizations have been merged. Now this is an absolutely autonomous, isolated entity, not accountable to anyone and not overseen by anyone, which is in possession of many state secrets—a kind of mini-KGB with its own troops, its own security service, counterintelligence service, and arsenals.

The Agency employees should be given their due: In contrast to their colleagues from other ministries, so far they have worked without any serious blunders being committed. True, their activity is to a larger extent dependent on the highest possible level of equipment, which used to run ahead of the state-of-the-art technological standards. Alas, those days are gone. Now the good, reliable, but obsolete equipment has to be operated for all it is worth. To upgrade it, enormous funds are needed, which in the past the state provided to the KGB without counting.

Today everything is different and apparently the intention to acquire funds for new projects and the development of new types of equipment has led to what I regard as commercialization of this state department, while lack of oversight has untied the hands of some dishonest officers.

The situation reached a point when a purely commercial organization—a bureau on off-budget activity—was included in the economic management department. Now under FAPSI's roof there is an institution of active reserve officers [ofitsery deystvuyushchego rezerva] who, enjoying all the rights and privileges of security agents, are freely pursuing business activity at commercial enterprises. Through them, the Federal Agency maintains close links with numerous state foundations and companies and firms, both domestic and foreign.

Of course, there is nothing criminal in the fact of such collaboration itself. But we must not forget that FAPSI is in possession of a fleet of military hardware, arms stockpiles, its own housing stock, i.e. the kind of commodities that are in great demand at present. I do not want and I have no right to cast suspicion on any of the agency officers, but I allow that security officers-turned-businessmen can sell part of state property and negotiate prices while in official documents these transactions will be presented as the sell-off of obsolete or written-off equipment at residual balance-sheet value. After all, it is an open secret that this practice is well known to domestic entrepreneurs of the new wave.

As far as I know, the unprecedented sale of a radio frequency band to a certain AMT joint venture for commercial use is still a subject for debate in agency smoking rooms. At the same time it is also well known that there is no space on the air available even for Moscow city law enforcement bodies. At any rate, in spite of a shortage of funds, the agency leadership has the possibility to regularly send "its guys" on foreign trips of any length without restricting their per diem allowances in any way.

There is a scarcity of funds! Nonetheless, FAPSI for some reason is maintaining a testing site in Kazakhstan that was abandoned by the Russian Defense Ministry owing to the extremely high cost of its upkeep. Why? Maybe it is needed to cover up secret hunting grounds like the Zavidovo preserve near Moscow? Of course, the desire to have a preserve of one's own is humanly understandable. Good hunting and fishing have always been considered a privilege of the mighty in this world.

Moreover, an influential state official could be invited to take part in free game hunting, and then some financial irregularities, should they ever come to light, or instances of unethical conduct would perhaps be overlooked.

It seems that overlooking is precisely the word now. Here is a fresh example. At present the agency is quietly preparing a contract with the Siemens company for delivery of some telegraph equipment, naturally for hard

currency. Again at first sight there is nothing objectionable in this. The equipment is necessary, and the firm is very well known. But in world practice, especially in the practice of secret services, it is standard procedure prior to signing any contacts to conduct a comparative analysis of the strong and weak points of the particular equipment. After all, it is much easier under the mark of a reputable firm to palm off some unwanted junk; and if this is the case, what we are seeing is an instance of protectionism, pure and simple. It is quite possible that the agreed difference between the official and the contractual price will go into someone's pocket; and from it, the illicit money could filter into one of the secret KGB or CPSU funds.

Military Issues

MiG Chief Designer Says Work on New Aircraft Terminated

LD1608174093 Moscow Russian Television Network in Russian 1445 GMT 16 Aug 93

[From the "Vesti" newscast]

[Text] There will be no new fighter aircraft of the MiG family. Rostislav (Belyakov), chief designer of the aviation scientific and production complex named after Mikoyan, has said that work on the new plane, which was to be the world's best light fighter aircraft, has been terminated.

New Border Guards Commander Profiled

PM1708155593 Moscow IZVESTIYA in Russian 17 Aug 93 First Edition p 4

[Valeriy Yakov report: "New Commander Familiarizes Himself With the Borders, Starting With Gornyy Badakhshan"]

[Text] The edict appointing Andrey Nikolayev to the post of deputy minister of security and commander of the Border Troops was signed by the president ten days ago.

A short report flashed through the press about this, accompanied by a laconic service record which testified to the brilliant career of the 44-year old colonel general, but which by no means answered the question of what kind of a man now heads the protection of the borders of the USSR (as you can still hear it referred to at many border posts). You could only assume that it was no accident that the main armed forces of the Ministry of Security were transferred to the authority of an army general. The presidential team, which is not sure of the loyalty of the Ministry of Security, has decided to strengthen its positions there by means of a reliable man from the still-reliable Ministry of Defense. At least, before signing the edict the president met with Colonel General Nikolayev and had a conversation with him about the purpose of the Border Troops. There was a similar discussion with the minister of defense. The general was not given much time to elaborate his own concept of the Border Troops—only one night.

Journalists trying to get through to the general on the telephone from the first day of the appointment, to obtain at least some sort of information about him and thus dispel the contradictory rumors about the unexpected appointment and the reasons for the admirable career, came up against the professionally polite buffer of his entourage. The commander, who was receiving chiefs of directorates and services from first thing in the morning until late at night during those days and familiarizing himself with the situation on that basis, may not have realized what interest the press displayed in his person at first.

On Saturday, which was just as heavy and tightly scheduled as all the previous days, the commander nevertheless allocated a small amount of time for a meeting with IZVESTIYA. He agreed to answer a few questions, but admitted that at the moment he considers any interview to be premature until he gets into the swing of things and visits the troops...

Even this short conversation made it possible to see, behind the laconic objectivity, a lively person with an interesting life and clear views. He comes from a military family—his is the third generation of officers—and never imagined a life outside the Army. Having graduated from school as a reliable B-grade student, he entered the Kremlin Military School named for the Supreme Soviet and, after that, started his service in the troops as a platoon commander. There then followed practically all the grades on the service ladder—company commander, then battalion commander, regimental chief of staff, regimental commander... He graduated with distinction from the M.V. Frunze Academy and with a gold medal from the General Staff Academy. And once again he advanced confidently from one post to another: divisional chief of staff, divisional commander, army chief of staff, commander... And while he was being appointed to his posts, three times he was promoted to successive ranks ahead of schedule—to captain, lieutenant colonel, and colonel. This excellent advancement has been attributed to the young officer's abilities.

Andrey Nikolayev has two sons; the elder is a student at the Moscow State University Faculty of History, having recently transferred from Petrozavodsk University, and the younger is at school. His wife is a mathematics engineer by profession.

General Nikolayev sincerely believes that he is lucky—that it is fate that has brought him to the cradle of a new border for an ancient and at the same time extremely young state. In his opinion, this border should not be turned into another iron curtain, separating people and states; its purpose is to unite everyone whose intentions are pure. But while many neighboring citizens are having some trouble with pure intentions, the gunpowder has to be kept dry in the powder kegs.

On 17 August the commander is flying out to Gornyy Badakhshan to the border posts of Khorogskiy border detachment. Reports are all very well, but real life is on the front line.

Officer Views Army's Political Awareness

LD1708202793

[Editorial report] Moscow Radio Rossii Network in Russian at 0315 GMT on 17 August broadcasts a 3-minute interview—live or recorded—with Lieutenant Colonel Vladimir Frolov, deputy head of the military sociological department of the military sociological, psychological, and legal research center of the Russian Defence Ministry, by a Slavyanka radio correspondent.

According to Frolov, the center has been studying the question of political views in the army since 1992 and has come to the conclusion that professional servicemen are less and less influenced by any political party or movement. He says that in the first half of 1993 more than half of the officers would not support any party or movement. He continues: "To our question—Is there any political party or movement that you would support?—the respondents answered as follows: 70 percent said no; 16 percent said yes; and 14 percent had no answer. For the first time in 18 months, the number of servicemen pinning their hopes on democratic forces to lead the country out of the crisis has reached 29 percent. I must say that in March 1992 the figure was 16 percent."

At the same time, Frolov says, the number of supporters of the communist party has declined from 11 percent in March 1992 to 7 percent now.

Frolov adds that the center's research of political awareness within the army has shown that officers are generally very aware of political events in the country. According to him, 62 percent of officers regularly inform themselves about the political life in the country though mass media, while 32 percent read newspapers occasionally. Only 4 percent are uninterested in the political life.

As an example of political awareness in the army, Frolov mentions the constitutional debate. He says that "33 percent of senior officers and 9 percent of junior officers followed the debate around the adoption of the new constitution. At the same time, only 15 percent of senior officers and 7 percent of junior officers said that they knew the essence of the difference between the presidential and the parliamentary drafts, while about 40 percent had only a general idea about it. What is interesting is that among those who had a good grasp of the matter, two-thirds were in favor of the presidential draft."

Supreme Soviet

Khasbulatov, Republican Leaders View Economy, Politics

LD1708183993 Moscow ITAR-TASS in English 1800 GMT 17 Aug 93

[Text] Moscow August 17 TASS—A working meeting of chairmen of republican parliaments and council heads from territories, regions, the autonomous region and autonomous districts was held at the House of Soviets today to discuss the Russian economic and political situation and the development of constitutional process.

Russian Parliament Speaker Ruslan Khasbulatov made an introductory report to dwell on the work of the legislative power in summer. He stressed positive results of the all-Russian economic conference, which developed provisions of the declaration of all-Russian economic concord elaborated at roundtable meetings and signed by representatives of the legislative and executive authorities.

Many meeting participants supported the idea of the parliament speaker on the priority of economic problems in the current situation and the need for more thorough control over government activities on the part of the representative power, the parliamentary press service reports.

A number of critical remarks was voiced in address of the draft government economic program and the activities of the Russian Ministry of Finance, whose leaders are overeager to follow the recommendations of the International Monetary Fund.

The results of a recent conference of the Council of Republican Heads and heads of regional associations in Petrozavodsk provoked broad discussion. A number of meeting participants positively estimated the idea to create a federation council as a consultative body and called against the attempt to turn it into a new legislative structure.

Heads of territorial and regional councils again voiced the need to expand the rights of their areas, but not at the expense of infringed rights of the republics. Meeting participants expressed the wish the federal treaty provisions were taken into account in the draft new fundamental law.

They approved a resolution of the Russian Supreme Soviet to resume since November, 1993, the publication of the newspaper "IZVESTIYA OF COUNCILS OF RUSSIAN PEOPLE'S DEPUTIES" as a weekly supplement to the ROSSIYSKAYA GAZETA.

[Moscow ITAR-TASS in English at 1342 GMT on 18 August adds: "There is a clear need for regular contacts between parliamentarians and representatives of political parties and public movements since both sides express the interests of all strata of society, Russian parliament's Speaker Ruslan Khasbulatov said.

["Speaking at a meeting with the leaders of political parties, trade union and public organisations of Russia in Moscow on Wednesday, Khasbulatov stressed that the parliament in any situation, even in conditions of confrontation, 'should remain a parliament armed with the law and the Constitution to protect the interests of society and the state.'

["Speaking about his recent trips around the country, the speaker said that people's views 'began evolving' especially after the April referendum. 'Ordinary people believe that the Supreme Soviet copes with its tasks. Less and less often they speak about the need for early parliamentary elections,' Khasbulatov said. 'If politicians do not feel changes in the society's attitude, they can make a very serious mistake. No variants will work in our country without taking into account the opinion of the Supreme Soviet,' Khasbulatov said.

["He said he was concerned about events that may take place between August 19-22. He called on the participants in the meeting to 'forget their disagreements and rise in defence of democracy.' He believes the legislative branch is the only true representative of real democracy. 'There is no democracy outside the Supreme Soviet and neither constituent assemblies nor councils of the Federation can substitute for constitutional bodies of power,' Khasbulatov said."]

Khasbulatov Hits Budget Policy, Finance Ministry

LD1708130693 Moscow ITAR-TASS World Service in Russian 1223 GMT 17 Aug 93

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[Text] Moscow, 17 Aug—There are no problems that the Russian Government should tackle without consulting anyone and "attempting to leap outside the Constitution," Ruslan Khasbulatov said today in his opening address to a meeting with representatives of soviets from constituent parts of the Federation. "We would like to set aside all sorts of 'artillery preparations' and 'battles' and to conduct a normal dialogue," he emphasized.

Turning to the program for economic changes drawn up by the government, the chairman of the Supreme Soviet noted that "many of its provisions are quite sensible and realistic." At the same time he remarked that "one cannot agree with everything and, in particular, with the budget policy," which, in the speaker's words, "is destroying the country."

As for other sections of the government's economic program, Ruslan Khasbulatov said it "contained positive elements, particularly approaches toward a structural policy."

Speaking of the government's and the Supreme Soviet's financial policy, he sharply criticized the Russian Finance Ministry, which "puts itself above the parliament, the Council of Ministers, and the president, at the same time obediently complying with all the instructions of the IMF, which is trying to drive us deep into the ground."

After his opening address Ruslan Khasbulatov asked journalists to withdraw, and virtually the entire sitting was held behind closed doors.

Calls For New Law To Support Legislation

LD1808143693 Moscow ITAR-TASS in English 1412 GMT 18 Aug 93

[By ITAR-TASS parliamentary correspondents Lyudmila Yermakova and Yuriy Filippov]

[Text] Moscow August 18 TASS—Russian Parliament Chairman Ruslan Khasbulatov today said a new law was needed to make responsible officials liable for failure to conform to Russian legislation. Khasbulatov was speaking at a meeting with representatives of nearly 40 political parties, trade union organisations and public movements of Russia.

He agreed that the parliament can be criticised for the failure to promulgate such a law.

Vice-President Aleksandr Rutskoy who attended the meeting agreed that such a law was needed and noted that the current "bacchanalia in the country could not be stopped otherwise. [no closing quotation mark as received]

Opposes Dismissal of Procurator General

LD1808143493 Moscow ITAR-TASS World Service in Russian 1335 GMT 18 Aug 93

[By ITAR-TASS parliamentary correspondents Lyudmila Yermakova and Yuriy Filippov]

[Text] Moscow, 18 Aug—Ruslan Khasbulatov said today that "the decision of some commission" that it was necessary to replace the Russian Federation procurator general was an "irrational fact." "In fact, a criminal case is being lodged against the procurator general and it is to be sent to the Moscow procurator," Khasbulatov noted, speaking today to representatives of political parties and public organizations at the Russian House of the Soviets. "One could just as well start a criminal case against me and send it to my deputy Ryabov,, he added.

Khasbulatov said that he "is extremely surprised that such decisions can be discussed and adopted." He believes that "none of the recently set up constitutional bodies can replace the legally elected and existing powers bodies."

Committee Rejects Yeltsin Amendment on Mass Media

LD1808125293 Moscow Russian Television Network in Russian 1000 GMT 18 Aug 93

[From the "Vesti" newscast]

[Text] A sitting of the committee on mass media was held at the Russian Supreme Soviet today. The main issue on the agenda was as follows: "On the president's amendments to the law on introducing additions and modifications in the Russian Federation Law on Mass Media."

Russian Press and Information Minister Fedotov attended the sitting as the official presidential representative. He was in effect the only opponent for the people's deputies from the committee. Before the start of the sitting, Fedotov handed over documents containing results of the inspection of the business activities of the State Television and Radio Company. This was welcomed by those present.

Let me remind you that six amendments were submitted for examination by deputies. The sitting was opened by committee chairman Vladimir Lisin. When it came to the first amendment, the presidential representative failed to defend it, and it was rejected by the committee.

Stepashin Denies Being Offered Security Ministry

LD1308174993 Moscow ITAR-TASS World Service in Russian 1720 GMT 13 Aug 93

[Report by ITAR-TASS correspondent Roman Zadunayskiy]

[Text] Moscow, 13 Aug—Sergey Stepashin, chairman of the Russian Supreme Soviet Committee on Defense and Security, told an ITAR-TASS correspondent that he "has received no official invitation to take up the post of Russian minister of security." He made this statement following recent media reports that he would soon take up the post of Russia's minister of security.

Sergey Stepashin elaborated, however, that "he has not agreed to take up the post of the head of the Russian Security Ministry, but neither has he refused it."

Kravchenko Accepts New Editorship Appointment

LD1708221793 Moscow ITAR-TASS World Service in Russian 1921 GMT 17 Aug 93

[By ITAR-TASS correspondent Tamara Zamyatina]

[Text] Moscow, 17 Aug—Leonid Kravchenko, former chairman of the "Ostankino" State Television and Radio Broadcasting Company, who was removed from his post after the August 1991 putsch, today accepted the Supreme Soviet leadership's proposal to head the IZVESTIYA SOVETOV NARODNYKH DEPUTATOV [News of Soviets of People's Deputies], which is being relaunched. He said this in an interview to the ITAR-TASS correspondent.

Leonid Kravchenko explained that such an offer was made to him recently and "that everything was decided today at the conference in the Supreme Soviet with the heads of parliaments of the members of the federation." According to Leonid Kravchenko, acting as founders will be: the Presidium of the Supreme Soviet, to which the corresponding rights of 88 members of the Russian Federation will be delegated (at the conference some 60 signatures of heads of parliament were collected), and also ROSSIYSKAYA GAZETA and the IZVESTIYA publishing house." The new editorial department will be housed in two storeys of the old building of the IZVESTIYA publishing house.

"I intend to create an independent newspaper which will devote attention not to political scandals in the center but to the activities of the Soviets at all levels to the everyday life of the Russian provinces. I am confident that with my professional experience I will be able to make the new publication interesting and fascinating," Leonid Kravchenko stated. Moreover, he told the ITAR-TASS correspondent that he does not intend to compete "with his old comrades from the independent newspaper IZVESTIYA."

No offer has been made to Leonid Kravchenko to replace Oleg Poptsov as head of Russian television, contrary to reports in some of the mass media.

Parliamentary Broadcasting Commission Starts Work

LD1608122593 Moscow Radio Rossii Network in Russian 1000 GMT 16 Aug 93

[Excerpt] A parliamentary commission overseeing the activity of the All-Russian State Television and Radio Company began work on Monday. Our correspondent Yevgeniy Zherebenkov explains the commission's task:

[Zherebenkov] According to a decision by the Supreme Soviet, the commission is to carry out an inspection of the company's financial and economic activity, analyze questions connected with its creative work, and define real parameters for financial and material and technical assistance which the Supreme Soviet clearly intends to give to the company. The company leadership, which has recently become used to numerous checks by various departments, has also reacted on the whole with understanding to the Supreme Soviet's desire to carry out its own inspection - if, of course, this inspection does not hamper the the company's activity, and if it really follows its declared aims. [passage omitted]

Committee Chairman Advocates Constitutional Amendments

PM1708121793 Moscow ROSSIYSKAYA GAZETA in Russian 14 Aug 93 First Edition pp 1-2

[Aleksey Vorobyev report: "Relying on Legality"]

[Text] Presenting the draft law "On Amendments and Additions to the Russian Federation Constitution (Fundamental Law)" at the 12 August joint session of the Supreme Soviet chambers, Vladimir Isakov, chairman of the Committee for Constitutional Legislation, particularly stressed that it was being presented, rather than

submitted to parliament for a first reading. The fact is that the proposed constitutional amendments sometimes affect the interests of Federation components and therefore need to be clarified and agreed in the regions.

This applies above all to the amendment which gives krays and oblasts equal status with the republics in the economic sphere and in terms of issues relating to the budget, taxation, and the control of resources and state property.

Another important aspect of the change to the Constitution concerns the ban on combining the status of people's deputy with work in the government or the presidential apparatus. Moreover, the draft's authors propose excluding from the Constitution the notorious second section of Article 104, which has caused so much irritation among executive structures and democrats close to the Kremlin by proposing that the Congress of People's Deputies could examine any question.

"This provision has never yet been implemented, and therefore, accommodating the wishes regarding clearer separation of powers, we are proposing that it be removed," V. Isakov said. Moreover, the proposals on the additions and amendments to the Constitution included the idea that the Cabinet of Ministers be set up directly by the prime minister, thus making him a real chief executive and leaving the prerogatives of head of state to the president. Incidentally, this was also envisaged in the president's draft constitution approved by the Constitutional Conference, so parliament is proposing meeting the president halfway even on this point.

An amendment was also proposed to stipulate the possibility of a special medical examination for any future presidential candidate. In this connection Deputy I. Andronov stated that it would be too risky to wait until 1996—the deadline for a new presidential election. It is obviously worth introducing a requirement for such a procedure into the existing Constitution within the very near future, stipulating that it applies to top leaders and the leaders of other power structures.

There was a lively debate over the presentation of the law on amendments and additions to the Constitution. A special Supreme Soviet decree proposed that the work be finalized by 10 September.

Following a proposal from Deputy N. Pavlov, at the end of the session deputies instructed the Committee for Defense and Security Issues to investigate the case of the blatant violation of the Law on the State Border which was announced recently in the vice president's televised speech. It is a question of the visit to Moscow by the notorious D. Yakubovskiy. Moreover, it was stressed that at a joint session Friday parliament will try to make an assessment of Yeltsin's Thursday speech to mass media leaders.

Ryabov Views Current Political Problems

LD1608221693

[Editorial report] Moscow Russian Television Network in Russian at 1800 GMT on 16 August carries a 60-minute "Without Retouching" live talk show in which Nikolay Timofeyevich Ryabov, deputy chairman of the Russian Supreme Soviet, answers journalists' questions. The program is anchored by Sergey Torchinskiy.

Asked how his relations with Khasbulatov have been developing of late, Ryabov says that part of the problem in their relations lay in the parliament's failure to adopt laws regulating responsibilities of the parliament itself, its bodies, and its chairman and his deputies. "Indeed, following my speech about the president's proposal to convene the constitutional conference, which I believed to be a very constructive step well worth discussing in parliament, Ruslan Imranovich [Khasbulatov] virtually made me an outcast, or attempted to do so, because this went against his interests. He issued an instruction whereby I was not to receive any documents or papers, nor conduct any meetings, and so on. Of course, you understand that it is impossible to cut off a deputy chairman of the Supreme Soviet. But an attempt to do it was made. Today my relations with the chairman are very complicated." Smirnov adds that "we can't go on working like this; whatever mine or his political opinions, work should be done properly."

Asked whether the parliament is now performing up to expectations, Ryabov replies that no parliament would be ideal or 100 percent satisfactory. Any parliament reflects the state of the society which elects it. The present parliament has had more than sufficient potential to reform society, and has demonstrated this. "However, mistakes on the part of the president and certain destructive actions on the part of some people in the parliamentary leadership have resulted today in the loss of this potential. Many deputies who demonstrated their professionalism, their political abilities, were forced by various circumstances to leave parliament and join presidential and government structures. As a matter of fact, the parliament was brain-drained, and there is no more healthy political dialogue and serious professional work done in parliament. Today I very much doubt the ability of this parliament to rise up to the most complicated challenges facing our society."

Ryabov adds that he personally would "never leave parliament for any presidential or government structure." He goes on to express his belief that Boris Yeltsin is the best president Russia could have today. Asked what steps he would undertake to end the confrontation between the two branches of power, he says that "unless we have the basic law, the constitution which would ensure this much talked-about system of restraints and balances", nothing would remedy the situation and bring about public accord. No effective reform is possible unless a new structure of federal power is in place.

Asked about how a new constitution can be legitimately adopted now, Ryabov praises the recently created Federation Council which in his view would be able to resolve many federation-related problems. Members of the federation will be able to agree on the text of the constitution, he believes, at a joint session of the constitutional conference and the Constitutional Commission which is due to be held in mid-September and will consider both drafts of the constitution. Ryabov adds that, left to its own devices, the congress of people's deputies would be unable to adopt the new constitution, because the "old guard" would try to reverse the course of reform and the democratic forces would not yet be strong enough to win. Parliament will only adopt the constitution if "members of the federation support the constitution—this is the the first and the most important condition."

Asked what would happen if elections were held now, Ryabov replies, nothing. Elections should be held after the adoption of a whole package of legislative acts. Today's legislation contains too many mutually contradicting provisions as to where power lies, and no parliament can act properly within the framework of the existing legislation.

Asked why parliament has not dissociated itself from the Parliament Speaker's recent claim that the government is at the service of the world spying community, Ryabov says that "if parliament were to dissociate itself publicly from all the statements made by some of its leaders, we would never see the last of it, and you would not have enough paper to print it all." He describes as "irrational" the Supreme Soviet's recent decisions on privatization, its attacks on Vladimir Shumeyko and Mikhail Poltoranin, and the abolition of Committee on Legislation, and terms these actions as done "for the sake of political confrontation" rather than for the benefit of the people.

One journalist recalls a recent parliamentary decision to move the "Parliamentary hour" program to prime time. Ryabov says that what really matters is not this particular decision, but efforts needed to help the emergence of a new and free press. Describing the fighting between politicians which finds its way onto television screens and newspaper pages, he says that this is disgraceful and adds: "I would just switch off my television when someone starts brandishing bits of paper in front of the people."

Asked to speculate about a hypothetical putsch-93, Ryabov asserts that "President Yeltsin cannot use force, this would be totally against his nature, I am sure of this." He feels the danger comes from those who speak too much of "the danger of totalitarianism." He says that such a coup may take place only if the government loses "all levers of power" as a result of its inaction, mistakes, or a sudden change in the balance of forces.

Ryabov goes on to criticize the USSR policy of grain purchases abroad, and said that this year, for the first time in almost 30 years, there is enough bread-grain in the country. "However, we may lose it, if the president and the government do not take, in the next week or two, the necessary steps to work out a proper financial settlement with the farmers."

Asked how he would assess the removal of Security Minister Viktor Barannikov, he says that the phrase about the latter's "unethical conduct" in the statement on his removal from his post was wrong. Ryabov believes that the real reason for removing Barannikov was the incident at the Tajik-Afghan border where young lads were left to fend for themselves for 16 hours, and no back-up was provided. Generally, Ryabov believes that the recent corruption allegations against the government made by parliament are nothing but "another dishonest scam in the political infighting" with the aim of diverting public attention from real problems.

Voronin Article Urges 'Evolutionary' Progress to Market

PM1608155593 Moscow ROSSIYSKIYE VESTI in Russian 12 Aug 93 First Edition pp 3-4

[Article by Yuriy Voronin, first deputy chairman of the Russian Federation Supreme Soviet, under the "Economics" rubric: "Reform Is Not an End in Itself"]

[Text] It is now over 18 months since the radical economic reforms began and several months since the new Russian Council of Ministers assumed its duties. So we can take the opportunity to do a little summing up.

Let me note right away that positive progress has been noted in the activity of the executive branch. The government has started to work with the regions, and it is not running away from resolving tough practical problems or tackling dirty work. At the same time it is also clear that no radical change has occurred in the situation prevailing in society.

First, despite a certain slowdown, the decline in output of socially necessary products is continuing. There is a shortage of investment capital even for simple reproduction. Price increases are still combined in the most unfavorable manner with overdue payments (including wage payments), which have again reached a level that is dangerous for the development of the economy.

The state budget deficit has reached the same level as revenue. And the fact is that the country's Supreme Soviet is not solely to blame for this. The expenditure section of the budget which has now been adopted in the light of existing social requirements and inflation levels is the minimum. Had parliament adopted another, more "market-oriented" budget, it would, so to speak, have been sidelined for wrecking priority social programs, a package of which was finally formulated before the April referendum. But can we basically continue talking about monetarist recipes for treating the economy in these financial and economic conditions?

Basically, by the middle of this year we had managed to restore the situation as it stood in the middle of last year—before mutual offsetting of debts. Problems are currently hanging over the economy connected with the relatively steep increase in state expenditure and overdue payments to enterprises. At the present time they are being "compacted," accumulating like a snowball, but they still have to be resolved. I honestly confess that in the present conditions I do not have much faith in the effectiveness of transforming the growing state debt and nonpayments to enterprises into debentures and securities of various kinds.

However, possibly the most alarming thing is that since the start of the radical reforms the qualitative side of the economy has practically remained unchanged, and social labor efficiency and productivity are not increasing. Strictly speaking, the economy has become even more expenditure-based, burdensome, and less geared to the manufacture of finished products and to the end consumer than it was at the start of the reforms.

Nor are realistic mechanisms for essential structural and technological restructuring of industry backed up by resources yet envisioned. Moreover, our own resource base is constantly being undermined with the decline in production of oil, cement, rolled metal, fertilizers, foodstuffs, and other extremely important products, and without these no reform option is feasible.

So what must be done in the future? One option, on which, as we know, a section of the government is continuing to insist, is to assign paramount importance to the financial stabilization of the economy by tightening deflationary policy, forcibly bringing internal prices into line with world prices, ignoring the problem of overdue payments, and jettisoning the "ballast" of inefficient enterprises.

If events develop in this way, inflation will probably be suppressed. It is possible that quality external resources will appear to modernize the obsolete section of industry. But (and this is clear) the price will be the almost complete loss of our undercompetitive domestic processing industry, mass unemployment, and an intolerable increase in social tension. Our analytical data indicate that, if the price of energy sources is freed and credit and financial policy is simultaneously and drastically tightened, and given a switch to a higher ruble exchange rate, more than 60 percent of domestic producers will be uncompetitive on the foreign and internal markets. We do not have to go very far for examples: The liberalization of coal prices and the state of the domestic metals industry could be cited.

The indicative planning, state investments in the structural and conversion-based restructuring of industry, and selective credit maintenance of certain enterprises which are in themselves mandatory in a transitional economy can play only an auxiliary role within this tough base option for treating the economy—a role which does not eliminate the exceptional economic and social tension of what is on the whole a shock-therapy move toward the market.

The second option, on which a significant section of the scientific community, people's deputies, and—as the economic conference that has just been held has demonstrated—a considerable number of representatives of the country's national economy are continuing to insist is the priority preservation of social production and the intolerability of allowing the country's production forces to be destroyed.

It is clear that such an approach presupposes that credit and financial policy will have a very important but nevertheless not a determining character. Any demand restrictions that arise during manipulations of credit and financial levers should not and cannot be very severe. The state expenditure problem and possible budget deficit should naturally be resolved in the same way, and the degree of rigidity of the tax system should be determined likewise. We are thus currently losing a substantial portion of the social product and tax levies because of some government members' preoccupation with the state of the budget—a preoccupation which in our view is too hyperinflationary for a transition period. Recently, by the way, the Supreme Soviet again rejected an additional centralized quitrent on enterprises, a considerable number of whose products the Russian Ministry of Finance wanted to subject to a value-added tax.

The whole problem, it seems, is that it is simply not possible to fuse and combine the two aforementioned approaches to the future implementation of reforms. Each of them has its own economic logic and a different mechanism for achieving the objectives it has set itself. In the first case, halting the decline in production and encouraging economic recovery can only be achieved by passing through the crisis phase (lasting 18 months to two years) and by sharply "squeezing" and overstraining the spheres of money supply and social production. The second option is based on the assumption that the process of qualitatively changing the economy could follow the normal "investment" path without drastic infringements of production and a decline in the population's purchasing capability. The problem of choosing a future path is no less urgent today than in the fall of the year before last.

If priority importance is attached to every kind of support for production, the preservation of existing production resources, and relative social stability, it is clear that the state's role in regulating practically all socioeconomic processes should be considerably greater than it is today. The logic of this is basically simple. Having made social production and social stability the priority (and not the achievement of the market at any price), we need to create the most advantageous conditions for these things—and this applies to the financial sphere as well. Undoubtedly, in a monopolized and still underproductive economy, this will inevitably lead to

the acceleration of price increases and financial-economic tension. Therefore, during the transition period we need to centrally regulate not just the investment process and structural restructuring of the economy but also the entire credit and financial sphere, including prices. This is the specific nature of the inefficient transition system. Not to understand this means contemplating the collapse of existing production forces and profound social crisis.

So what is at issue is the need for a pretty major review of the overall reforms strategy. We are talking about rejecting the principle that "the market automatically puts everything in its place" and the rash and exceptionally hazardous policy of liberalizing prices and the foreign economic sphere. We are talking about switching to the evolutionary formation of a socially oriented market system.

This in itself far from original conclusion has already been voiced by a number of very major academic economists. The recently adopted Declaration of National Economic Accord insists on it. It was also mentioned at the economic conference just held. Were we to attempt to express in a nutshell the main idea that it encapsulates, it would probably go like this: "The market and the reforms are not ends in themselves. Their aim is to make the economy more efficient, people easier to protect both materially and socially, and society richer and fairer."

On the general economic level we are of course primarily talking about increasing the regulation and management of the transitional economy. In the opinion of most speakers at the conference, the current crisis is primarily a crisis of a loss of control over socioeconomic processes and society as a whole. When carrying out economic reforms, much more circumspection and regulation of all processes is required (principally the new "deideologization" of this sphere after August 1991). Otherwise the crisis could reach a point beyond which the production forces and our entire socioeconomic system would begin to collapse.

During the complex transition period the state should not run away from resolving any socioeconomic problem. At the same time the necessary administrative "fine tuning" of the economy should under no circumstances be confused with an attempt to restore the centralized, sectoral system. Administrative methods of regulation in this instance have completely different aims and objectives. The economy's subsequent progress toward the market should be guaranteed first and foremost by its decentralized (not sectoral) structure and the organized autonomy of its production components—the major national companies. In the same vein there must be an acceptable degree (but a sensible degree in a still basically uncompetitive economy) of liberalization of foreign economic ties and a greater involvement of the economy in the world economy than existed, for example, under the centrally planned system.

In what is still a deficit economy with an undeveloped competitive production mechanism, the state has to get involved in the process of price formation. At the same time the most radical, correct, and even to some extent, in our view, the most "market" method of regulating prices and the economy as a whole must be the immediate discontinuation of the vicious practice of forcibly bringing internal raw materials prices into line with the world level (at the current exchange rate, moreover). During a transition period it is simply essential in an expenditure-based economy to use the "income" from the cost of natural resources. Otherwise we will end up with a completely distorted, "nonmarket," and exceptionally perilous gap between the cost of material resources, finished production, and social labor.

At the same time, in regulating the prices and inflation level of the transitional economy, we should not forget that to a certain extent this is merely a struggle against consequences. Whereas the cause lies in the persisting nonmarket price formation base. During the transition period, therefore, the state should assume the function of maintaining the management and efficiency of the economy and its foreign economic ties not just on the macrolevel, but also on the level of its production complexes and even individual enterprises.

We must not permit hastiness to occur in the course of the changes in ownership relations currently being implemented, lest this lead to a loss of control over production within forms and plants. Nor must we permit the "atomization" of social production and the destruction of up-to-date, highly integrated complexes in which enterprises combine technologically to form the only facilities capable of competing on equal terms with powerful Western concerns.

In the investments sphere, the government (in the form of the Russian Ministry of Finance) needs to take urgent measures to allocate the centralized investment and conversion credits promised and approved by the country's president and Supreme Soviet, and to reorient the country's entire credit and banking system toward long-term investment lending. Physical and moral depreciation of production capital, including that in the fuel and raw materials complex, soon risks becoming a determining factor in lowering social labor productivity. The investment sphere should therefore be given priority attention by the state.

Measures need to be taken in the agro-industrial sector to eliminate the existing "price differential," prevent a decline in production and a further increase in the price of foodstuffs, and establish (on a strictly voluntary basis) a mixed economy in this sector by giving priority to collective yet highly market-oriented farms.

The center should continue to play a major role in the economy of the regions. It seems that we are currently getting ready to rush from one extreme—the centralization of anything and everything—to the other—an impermissible weakening of the center's role in the

Federation as an integral whole both in the life of the regions and the implementation of reforms at local level. Incidentally, the conference that has just been held, in addition to discussing proposals to increase the role of regional and local organs of self-government in implementing the reforms and dividing up the components of the state budget in a more clear-cut and rational manner, stressed the inadmissibility of increasing economic separatism and of switching, for example (overtly or not), to a so-called "single-tier" tax system.

The state should also assume responsibility for maintaining social stability in society during this complex period. First of all, a minimum level of free, good-quality state services in the health care and education spheres must be guaranteed. Because in this sphere too the same "shock-therapy" approach is being used, and this is completely impermissible.

Nor can we tolerate substantial stratification in incomes and major ownership differentials in society—a tendency that has already been observed during the privatization of former public property that is under way. Basically, we should all stop to think: Would not the preservation of a fairly high proportion of public property (in heavy industry at least) during the transitional period signify precisely this social orientation of the reforms? It is entirely possible that this is the only possible way in Russian conditions to move toward a socially just society and a high level of socialization of production relations.

And this is what it is very important to stress in conclusion: Unless we achieve social consensus and pool all our strength we will be unable to extricate the economy from breakdown and society from crisis today. We now need to rally round the main idea of the social "round table" that was formed not so long ago: Political confrontation is intolerable, as is the introduction of any ideological, let alone narrow, selfish interests, into the process of the country's economic and social regeneration. The current situation is complex. But we have no right to despair and waste our strength in futile and fruitless contention.

Regional Affairs

Chernomyrdin Continues Far East Tour, Visits Vladivostok

LD1808085393 Moscow Radio Rossii Network in Russian 0800 GMT 18 Aug 93

[Report by Olga Zhurman]

[Text] Viktor Chernomyrdin, chairman of the Council of Ministers of Russia, is continuing his trip around the Far East.

[Zhurman] Today, the head of government continued his trip round Sakhalin Oblast, visiting the town of Dolinsk, famed for its mighty pulp and paper combine, which is, unfortunately, idle today. Its products have nowhere to go as they are too expensive. This afternoon Chernomyrdin held a news conference with the heads of local soviets and administrations of the towns and rayons of Sakhalin oblast and then flew to Vladivostok with the officials accompanying him. He arrived in Vladivostok at 1100. On 19 August the prime minister will be working in Maritime Kray, then flying to Khabarovsk Kray. Chernomyrdin is expected to hold a regional conference in Khabarovsk on the outcome of his Far Eastern trip.

Vows To Tackle Problems of Kamchatka Servicemen

LD1808085993 Moscow Radio Rossii Network in Russian 0334 GMT 18 Aug 93

[From the "Radiostudio Slavyanka" program of the Russian Defense Ministry]

[Text] Russia's Cabinet of Ministers is to take measures to tackle the problems of naval servicemen serving on Kamchatka. Servicemen's pay is to be increased and material and technical supply to military units and vessels is to be improved. This was stated by Russian Government head Viktor Chernomyrdin during his visit to the flagship of the Caspian flotilla, the missile cruiser Chervona Ukraina. The chairman of the Russian Federation Government was escorted by Admiral Feliks Gromov, commander in chief of the navy.

Discusses Taxes, Fishing in Kamchatka

LD1708132293 Moscow ITAR-TASS in English 1313 GMT 17 Aug 93

[Text] Moscow August 17 TASS—A Russian governmental delegation headed by Prime Minister Viktor Chernomyrdin, currently on a Far Eastern tour, left Yuzhno-Sakhalinsk today.

When in Kamchatka, the prime minister met regional heads, visited the Kamchatka military flotilla and spoke to workers of the Petropavlosk-Kamchatskiy Lenin shipyard.

The visit dwelt on tax policy, delivery of fuel and cargo, protection of the fishing stock and upkeep of worthy combatability of the navy.

Rutskoy Criticizes Government's Economic Policy in Bryansk

PM1608155493 Moscow ROSSIYSKIYE VESTI in Russian 12 Aug 93 p 2

[Vasiliy Shpachkov report: "Rutskoy's Tour]

[Text] Bryansk—Russian Vice President Aleksandr Rutskoy is currently completing a tour of several central oblasts. After Orel and Bryansk Oblasts he arrived in the Smolensk region. In describing the current economic situation, Aleksandr Rutskoy is publicly expressing

many reproaches against the president and the government. Thus in Bryansk he noted, inter alia, that the president's program is being fulfilled completely the wrong way, but people in the government do not see the true state of affairs. Assessing the progress of privatization negatively, the vice president said that he will seek to have Anatoliy Chubays removed from his position.

"We are creating a colonial-criminal democracy," A. Rutskoy has repeatedly stressed, saying that everything that is happening depends 99 percent on the state's number one official.

Criticizing the government, which, in his words, has not tackled, and is not tackling, the economy, the vice president also believes it possible to praise Zhirinovskiy [leader of Liberal Democratic Party], seeing his merit in the fact that he has "hoodwinked" certain newspapers.

Aleksandr Rutskoy stresses in every way that he lays no claim to the post of president and "is waiting for public consciousness to develop in the proper direction." The impression arises that the vice president is trying to secure the future support of the provinces. This was the reason he set out on his tour.

Deputy Naval Commander Ends Vladivostok Visit

OW1708010793 Vladivostok Radio Vladivostok Network in Russian 0210 GMT 12 Aug 93

[Text] Admiral Kasatonov, first deputy commander in chief of the Russian Navy, who has been in Vladivostok for several days, returned to Moscow. Speaking at a news conference on the eve of his departure, he said: I am pleased with the present situation in the Pacific Fleet. The admiral would not budge from this optimistic position when answering searching questions from journalists. These questions concerned not only Russkiy Island, but also the problems of the Black Sea Fleet, protection of our ships in areas prone to pirate attacks, the fate of decommissioned submarines, and pollution of [word indistinct].

"The problems are being solved and the situation as a whole is a healthy one"—judging from the news conference, this was the primary conclusion of the first deputy commander of the Navy.

Nevertheless, Igor Kasatonov did not conceal the command's main heartache, which is social and economic in nature—provision of housing, warehouses, and medical supplies and the full employment of military personnel.

Yakutia President on Early Elections, Federation

MK1708101593 Moscow NEZAVISIMAYA GAZETA in Russian 17 Aug 93 pp 1,3

[Radik Batyrshin report under "Russian Federation" rubric: "President of Sakha (Yakutia) Favors Early Parliamentary Elections in the Russian Federation. Tatarstan's Leader Considers Them Premature"]

[Excerpt] Mikhail Nikolayev, president of the republic of Sakha (Yakutia), said in an interview with NEZAVISIMAYA GAZETA that at the meeting of the Council of Heads of Republics in Petrozavodsk, he proposed adopting an election law and a constitutional law on the system of federal government. "I favor early parliamentary elections," Mikhail Nikolayev stated. Yet, in his opinion, prior to the elections a legislative definition would be given as to "what system of power will exist in Russia." According to the Yakut president, "people must know what parliament they are voting for and what the norms of representation are." Therefore, a preliminary condition for the elections, in Nikolayev's view, should be the adoption of these two laws. The president of Sakha (Yakutia) believes that these laws could be adopted not earlier than September-October this year. Responding to a question from NEZAVISIMAYA GAZETA as to whether his proposal would not cause a reaction on the part of the Russian Federation Supreme Soviet and the congress, Mikhail Nikolayev stated that "one Russian citizen in two will say that it is time to put an end to the power vacuum." At the same time, he thinks that the Supreme Soviet of Sakha (Yakutia) should function until its term in office expires since all the "branches of government in the republic are working in harmony." The Yakutia leader thus assessed the possibility of the Russian parliament's delaying the adoption of the "Legislative Fundamentals of the Russian Federation on the Implementation of the Federation Treaty," which was approved in Petrozavodsk: "We are entering a final stage in the juridical formalization of the Russian Federation's statehood and this will be done by its components where a decisive role belongs to the republics." In his opinion, "the fact that we have all unanimously approved this draft, which was prepared not in the Kremlin but by representatives of the republics and eight interregional associations, means that the Russian Federation Supreme Soviet is obliged to consider and adopt it without delay." The president of Sakha (Yakutia) stressed his adherence to the principles of a treaty- and constitution-based federation: "What is characteristic of Tatarstan is not typical of Dagestan, and vice versa." It is precisely treaties and agreements between the Center and individual republics that, in Nikolayev's opinion, "reflect the diversity of the Russian Federation most fully." In the past the republics stood aside from the battle between the Russian Federation president and parliament. Would the republics not lose in the Supreme Soviet a natural counterbalance in the struggle for the implementation of the Federation Treaty? "This treaty has enshrined the principle of voluntary delegation of powers to federal authority, and therefore what matters to us is not particular individuals, but the principles of real federalism," the president of Sakha (Yakutia) said. He believes that the Russian Federation Supreme Soviet would be well advised to consolidate by decree the president's edict on formation of the Federation Council: "It would be utterly wrong to turn it down only because Boris Yeltsin was the first to propose it." [passage omitted]

Yakutsk To Host Next Republics Council Session

LD1608163293 Moscow Mayak Radio Network in Russian 1500 GMT 16 Aug 93

[Text] The next itinerant sitting of the Council of Heads of Republics within Russia will be held in Yakutsk. Mikhail Nikolayev, president of the Sakha Republic, told journalists today about this unanimous decision of the participants in the recent Petrozavodsk sitting. He added that the agenda and the specific date for the next sitting have not been discussed but that it will most likely be held in 1994.

Soskovets Supports Defense Conversion in Komsomolsk

LD1708133193 Moscow ITAR-TASS in English 1310 GMT 17 Aug 93

[By ITAR-TASS correspondent Aleksey Tsvetkov]

[Text] Komsomolsk-on-Amur, Far East August 17 TASS—Oleg Soskovets, Russian first deputy premier, declared for governmental backing, above all, for conversion of defence facilities to civilian uses, power generation and socially important projects in the Far East. He addressed a conference of chiefs of enterprises of the Far Eastern region here today.

Soskovets said that there must be change in the government's attitude to the crediting of such enterprises as the Amur shipbuilding plant, the aircraft production amalgamation in Komsomolsk and machinebuilding plant in Amursk. "Unless this is done, a powerful industrial potential will be destroyed and destinies of many thousands of people blighted", Soskovets said.

Ingushetia Said Ready for Peace Talks With N. Ossetia

LD1708155393 Moscow Mayak Radio Network in Russian 1300 GMT 17 Aug 93

[Text] Kalmykia, which has proposed mediating in a peaceful settlement of the Ossetian-Ingush conflict, and has expressed its readiness to receive the two republics' plenipotentiary delegations for peace talks, has decided to present Ingushetia and North Ossetia with 5,000 tonnes of grain from this year's harvest, in order to demonstrate the sincerity of its intentions.

Kalmykia's President Kirsan Ilyumzhinov has now received a letter from Ruslan Aushev, president of Ingushetia. Aushev states that Ingushetia is prepared to start peace talks with North Ossetia at any time. The letter says that the republic's population is truly grateful for Kalmykia's grain aid, which represents an invaluable contribution to resolving social and economic problems.

On Friday, 20 August, a rally is to be held in Elista to mark the presentation of grain to Ingushetia and North Ossetia, a statement from the Kalmykian president's press service says.

N. Ossetia Emergency Zone 'Relatively Calm'

LD1708164893 Moscow ITAR-TASS World Service in Russian 1059 GMT 17 Aug 93

[By ITAR-TASS correspondent Valeriy Shanayev]

[Text] Vladikavkaz, 17 Aug (ITAR-TASS)—The state of emergency zone remains relatively calm. According to information from military sources received at the North Ossetian Security Council today, no shoot-outs or incidents of armed confrontation have been registered here over the last 24 hours. A militia checkpoint was fired upon from automatic weapons, however, in the village of Chermen, Prigorodnyy rayon. The fire was returned. There is no information on casualties.

The North Ossetian Security Council has confirmed that subunits of the Russian Interior Ministry troops started a large-scale operation of combing the wooded area in Pravoberezhnyy rayon today in order to clear the territory of armed bandit groups and to clear mines from roads and agricultural land.

Pacific Fleet Ships Depart for Visits to PRC, ROK

LD1808090793 Moscow Radio Rossii Network in Russian 0800 GMT 18 Aug 93

[Text] A group of warships from the Russian Pacific Fleet departed today from Vladivostok for a friendly visit to China and South Korea. The delegation is headed by Vice Admiral (Igor Khmelnov). RIA reports that the aim of the visit is to establish professional and friendly ties with navy men in China and the ROK.

Volgograd, Bryansk Leaders Comment on Democracy

PM1708153093 Moscow ROSSIYSKAYA GAZETA in Russian 13 Aug 93 First Edition p 2

[Feature comprising articles by Ivan Shabunin, Volgograd Oblast Administration head, and Yuriy Lodkin, Bryansk Oblast Administration head, under the rubric "Democracy" and the general heading: "Is Harmony Between the Branches of Power Possible? Yes! That Is What the Volgograd and Bryansk Oblast Administration Heads Think"]

[Text] [Shabunin begins] In the future I see the authorities in Russia as being... good. That is to say, just and law-abiding. The majority of inhabitants of Russia's oblasts look on the squabbles between the branches of power in the capital with sadness: When on earth, they say, will they get down to getting the country back on its feet?

I think that apart from carrying out the laws unswervingly, those in power should possess a conscience and honesty. After all you cannot provide for everything in the laws. And it is no use hoping that the day after the new Constitution has been adopted everything here will

fundamentally change for the better. Just remember which of our Constitutions was the best. Stalin's.

I do not at all share the president's opinion that the soviets and democracy are incompatible. Only they should not be soviets which are stifled by the executive branch of power, or which have taken control of everything: There should be a balance between the two branches of power. The most important function a soviet should have is that of monitoring. After all, when there are no monitoring organizations, you are bound to overstep the mark: You will fritter away the budget and not keep to time limits. What benefit did we derive from abolishing the auditing bodies here? It is like having literature, for instance, without criticism.

There is no point in laboring under the delusion that after one soviet is dissolved another, better one will appear. Yes, the present soviets are cumbersome and imperfect, but after the precedent is set of dissolving them, a bad practice will become established and the life expectancy of other representative structures will be just as short-lived. What kind of democracy will we then be able to talk of?

Our oblast soviet's opinion, which is supported by the administration is as follows: The Congress should adopt the Constitution after it has been agreed with the Federation components.

We hardly need to say that we consider an equal economic status for the territories to be a guarantee of the success of its adoption. Why favor the republics at the expense of the krays and oblasts? For example, we collect 52 percent of taxes for ourselves, and put 48 percent into the Russian budget. Then what happens is this. Federal organizations—the antimonopolies committees, the sanitary and epidemiological stations, the environmental protection service, and others—are brought to the verge of extinction. Nobody finances them and we are forced to save them from de facto extinction. For example, the meager salaries of detention center inspectors were not paid for three months. It was necessary to loosen the oblast's purse strings. And not only for MVD [Ministry of Internal Affairs] staffers.

We overfulfilled our tax obligations by 6 billion rubles [R], that is instead of the agreed R80 billion, some R86 were transferred to the "treasury." What did this amount to other than the federal authorities getting out of doing some hard work? They should not have fleeced the oblast, but asked the republics within the federation to make good the shortfall. Instead of getting on with the job, the federal authorities are engaging in a tug of war. The people are apparently preventing them from doing their job.

Here, however, there is no quarrel between the branches of power in any rayon. They—the branches of power—simply have no time to engage in squabbles.

How do I think events will develop? I hope that the new law on elections will be adopted in February or March of next year and that both branches of power will come to them side by side. The present situation would be defused immediately if Boris Yeltsin took a step in the direction of peace and harmony, and stated that it is not expedient to hold elections before the end of his presidential term. There are too many things to do, and they require joint efforts.

[Signed] Volgograd Oblast Administration Head Ivan Shabunin

[Lodkin begins] I was elected head of the oblast administration 100 days ago. My predecessor's relations with the oblast soviet were very strained, but, you see, conflicts arise most often because both sides stubbornly refuse to take into consideration the division of powers between the branches of power. Each should know the limits of its activities in strict accordance with the law. It is simply necessary to look at it a little bit more often. I have not had any confrontations with the oblast soviet. A painstaking expert legal examination of each of my directives when they are in preparation excludes the possibility of the soviet repealing them. The most important thing is the awareness that we are working together for the good of the oblast.

On the subject of the slogan about the soviets' sovereignty. I must again emphasize that I am in favor of the separation of powers. Three branches of power does not mean three stakes banged into the ground separately. It is a tree whose trunk is the legislative branch of power. The judiciary and the executive are its powerful branches. As a representative of the executive branch of power, I recognize the soviets' legislative priorities. There is simply no other way. This is accepted all over the world. It is on on global experience and simply on good sense that we should rely. Therefore, there is no basis for the Russian Federation president's statement that the soviets and democracy are incompatible. It is necessary to get on with one thing together, and not to reject out of hand every initiative from the other branch of power, even when it is a sensible one.

It is well known that the government is, to put it mildly, cool toward the All-Russia Economic Conference. But Vice President Aleksandr Rutskoy spoke here in Bryansk setting out this conference's conclusions in terms everyone could understand and they met with complete understanding among his audience.

Now, how I envisage the procedure for adopting the new Constitution. Either at the Congress of People's Deputies, or by a decision of this same Congress—and I emphasize that point—at a constituent assembly elected by the whole people. The Congress should without fail provide a legislative base for it. Finally, the Constitution could also be adopted by means of a referendum. Although I personally consider that it is very difficult to obtain a good document in this way.

[Signed] Bryansk Oblast Administration Head Yuriy Lodkin

Tyumen Oil Industry's Problems Aired

PM1808102793 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 16 Aug 93

[Video report by Aleksandr Parfenenkov and Valeriy Borisov; from the "Novosti" newscast]

[Text] [Parfenenkov] Modernization work has commenced at the Ryazan oil refinery, the largest in Central Russia. The extremely worn-out and obsolete equipment will not be replaced. This cannot be done without the assistance of foreign firms, since plants in Russia and the CIS countries have virtually stopped producing oil refining equipment.

Partners are being widely recruited from the United States, Denmark, Italy, and other countries, and this is profitable, despite the fact that the plant's hard currency coffers will very shortly run out.

[Parfenenkov] Wherever there's oil, there's wealth. Isn't that what they say?

[Plant director Yu. Vasilenko] Not quite. Each plant sets its own prices depending on oil delivery contracts concluded by the oil and gas extraction directorate.

[Parfenenkov] Relations with these directorates here in northern Tyumen could not be described as very good. It is all quite simple. The recipients of the fuel are in debt to the Ryazan oil refinery to the tune of many tens of millions of rubles. It is difficult for them to pay the oil extractors, so deliveries of crude oil are reduced.

The special consignments of heating oil, which we regard as a waste product of the refining process and which go abroad for use in furnaces and boilers, could be put to good use here. In fact, heating fuel has been used for a long time throughout the world to make gasoline, aviation fuel, and diesel fuel.

In general, the modernization of the refinery, however much it may cost, is now urgent and requires major assistance from the state.

Tomsk Nuclear Processing Facility Repairs Completed

PM1708122793 Moscow ROSSIYSKAYA GAZETA in Russian 13 Aug 93 First Edition p 5

[Aleksandr Chernykh report under "Urgent!" rubric: "Damaged Facility Starts Work"]

[Text] The reconstruction work at the Siberian Chemical Combine's damaged facility in the city of Tomsk-7 has finished strictly on schedule.

An explosion which occurred 6 April has had enormous repercussions in Russia and abroad. The radioactive chemicals plant has now set about processing the standard product of nuclear electric power stations. Temporary permission to operate has been obtained from the Russian federal supervisory body for nuclear and radiation safety. The damaged tank has been safely sealed in a manner similar to the sealing of the Chernobyl sarcophagus, except that lead has been used.

'Lot of Problems' Found at Leningrad Nuclear Power Station

LD1608141593 Moscow ITAR-TASS in English 1325 GMT 16 Aug 93

[Text] Sosnovyy Bor (the Leningrad region) August 16 TASS—A commission of the North-European district attached to the State Committee for Nuclear Supervision has ended its work on the comprehensive checkup of the Leningrad nuclear power station.

Summing up the results of the checkup which was carried out in accordance with the Russian president's order, Chairman of the Commission Boris Oreshkin noted that on the whole the technical condition of the Leningrad nuclear power station, the safety of its operation and the degree of training of its personnel for actions in emergency situations correspond to the requirements of the standard technical documentation.

However, the station has a lot of problems demanding urgent settlement at the federal, regional and local levels. They include the problem of the further storage of used nuclear fuel and radioactive waste at the site of the Leningrad nuclear power station, as well as the creation of a system for the localization of accidents with blocks one and two. The non-payment by consumers of nuclear energy poses also a serious (?problem) as a result of which the financing of work on the increase in nuclear and radiation safety of the station is curbed.

International Affairs

Statement on Disarmament Accord With Russia Called 'Premature'

WS1808071893 Kiev Ukrayinske Radio First Program Network in Ukrainian 1900 GMT 17 Aug 93

[Text] The press center of the Ukrainian Foreign Ministry has commented on Russian Foreign Minister Kozyrev's statement in Stockholm. Andrey Kozyrev has claimed that our states are to sign an agreement on nuclear disarmament in the nearest future. The Ukrainian Foreign Minister considers this statement premature. A process of Ukrainian-Russian negotiations at the level of experts is currently under way. Consultations and a search for common solutions are continuing, the standpoints of the sides are being coordinated. The press center has underlined that one may hope for signing a bilateral agreement only after the completion of this work.

Expert Examines Impact of Kiev's Actions on START II

AU1708170893 Kiev HOLOS UKRAYINY in Ukrainian 14 Aug 93 p 2

[Article by Academician Anatoliy Shevtsov, doctor of technological sciences, executive director and head of the branch of the Ukrainian National Institute of Strategic Studies: "Ukraine Has Determined the Fate of START II. Is This True?"]

[Text] After START II was signed by the presidents of the United States and Russia and after the parliamentary hearings on this treaty in the Russian Federation, the theme of ratifying the new treaty has been discussed extensively in the press. In the course of a lengthy discussion, all arguments, both in support and against the ratification of START II, have been expounded. There is no need to dwell upon them in detail. In a concise form, the opponents of the treaty advance the following arguments.

First: This treaty is the achievement of the goal set by the U.S. side throughout the entire negotiating process—the elimination of the most powerful component in the strategic nuclear forces—the heavy SS-18 missiles and the solid-propellant SS-24 missiles.

Second: If the treaty is not signed, the United States will be able to raise the quantity of nuclear weapons to 7,000, but our country to just 4,500, and this is a violation of the parity.

Third: In accordance with the new treaty, Russia must spend much money, on the one hand, on the elimination of its most advanced strategic missiles and, on the other hand, on the elaboration and manufacture of new types of weapons: SS-25 intercontinental ballistic missiles [ICBM] and SS-N-20 submarine-launched ballistic missiles [SLBM].

The advocates of START II, while, in fact, admitting the aforementioned shortcomings, are advancing a rather odd version to justify the adoption of concessions. For example, it is asserted, in the military bulletin published in the newspaper IZVESTIYA on 10 April 1993, that the decision to give up the SS-18 and SS-24 missiles is a forced one, because the "general designer of these missiles was the "Pivdenne" [Southern] Design Bureau in Dnipropetrovsk. Ukraine has adopted a nuclear-free status, which envisages the inadmissibility of manufacturing strategic offensive weapons, which include, in accordance with international norms, intercontinental ballistic missiles."

It is difficult to suspect the authoritative participants in the discussion of having insufficient knowledge of what signify "international norms," and therefore, it only remains to conclude: This conclusion is a case of wishful thinking.

For example, the leadership of Ukraine repeatedly explained the essence of the documents that were officially adopted by the Supreme Council regarding the nuclear-free status (the Declaration of State Sovereignty on 16 July 1990 and the statement by the Supreme Council on 24 September 1991 "On Ukraine's Nuclear-Free Status") and stressed Ukraine's intention to adhere, in the future, to the three nonnuclear principles: not to accept, not to manufacture, and not to purchase nuclear weapons.

The Lisbon Protocol on START I (Article V) [numerals as published] that has not yet been ratified by Ukraine's Supreme Council envisages "Ukraine's joining, as soon as possible, the Nuclear Nonproliferation Treaty of 1 July 1968 as a member state that has no nuclear weapons."

Let us now refer to the above treaty. In accordance with its Article II, "every country that is a signatory to this treaty and that possesses no nuclear weapons is obliged not to accept from anyone..., not to manufacture and not to purchase..., and not to accept any assistance in manufacturing nuclear weapons or other nuclear explosive appliances," that is to say, it is nuclear weapons that are meant and not the means of their delivery. If the reader finds this conclusion insufficiently obvious, we will quote one more excerpt from documents, which specify "international norms":

"...Nuclear weapons are understood as any appliances that are capable of liberating uncontrolled nuclear energy and have such a group of characteristics that enable their use for military purposes. The instrument that may be used for transporting or launching an appliance does not fall under this category if it is detachable from the appliance and is not its integral part."

The nuclear powers—the USSR, the United States, Great Britain, France, and China—joined the Tlatelolko Treaty by signing Protocol II of it, in which it is, in particular, stressed that the definition of nuclear

weapons in Article 5 of the treaty will also apply to Protocol II "just like the regulations on the ratification, cautioning, denunciation..." and so on that are listed in the treaty (Article 4 of the Protocol).

The definition of nuclear weapons as given in the Tlatelolko Treaty has been legally recognized by all nuclear powers.

It may be further added that questions of manufacturing and transferring missiles and missile technologies are regulated by a totally different international document—"The Conditions for Control Over Nuclear Technologies" that was adopted on 16 April 1987 and that can in no way restrict the transfer of missiles and missile technologies between Russia and Ukraine as successors to the USSR.

Consequently, it does not follow from the statements by Ukraine's Supreme Council on the intention to adopt, in the future, a nuclear-free status, that it cannot manufacture, on its territory, missiles or aircraft as potential carriers of nuclear weapons and, therefore, attempts to account for Russia's concessions in START II by Ukraine's position are absolutely groundless.

This is, as they say, an attempt to lay the blame on someone else.

The author of the aforementioned "military bulletin" knows better than specialists in Ukraine that there can be no talk of continued exploitation of the missiles with multiple independently-targetable reentry vehicles, because their designer—the "Pivdenne" Design Bureau—is responsible for this. At present, it is a "cut-off" trend. An absolutely natural question arises in this connection: "Cut-off" by whom?

The answer to this question may be derived, proceeding from the following two factors. One year ago, Ukrainian President L. Kravchuk signed and passed over to the Russian Federation an agreement on the mutual guarantee of safety in exploiting nuclear weapons on the territory of the CIS, but the document was never adopted.

In October 1991, a group of experts of the Russian Federation made the following proposal in the recommendations to the country's political leadership:

"The number of NIOKRs [Scientific Research and Experimental Design Projects] in the sphere of strategic weapons must be reduced by a factor of 3-4, and starting from the middle of 1992, all such NIOKRs carried out by main designers outside of Russia must be stopped. This measure must apply, first and foremost, to the "Pivdenne" design bureau and to plants in Dnipropetrovsk and in Pavlohrad in Ukraine" (the genuine text from the aforementioned recommendations by experts).

As commentaries to this, we can refer to the fact that even representatives of the United States repeatedly expressed their understanding of the need to maintain mutual ties between Russia and Ukraine in questions of the manufacture and exploitation of space missile technology.

At the same time, representatives of the Russian Federation agreed to sign an agreement in which one of the political goals is, as is now obvious, the struggle to implement the above recommendation by experts, although no parity is maintained by this agreement.

From the above, the answer to the question formulated in the title is obvious—the content of START II was not determined by Ukraine's actions, but rather by actions with regard to Ukraine. If Ukraine may somehow affect the fate of the new treaty, it is through its attitude to START I.

Morozov, Germany's Ruehe Give News Conference on Talks

LD1708204193 Kiev Radio Ukraine World Service in Ukrainian 1800 GMT 17 Aug 93

[Text] A joint news conference given by the ministers of defense of Ukraine and Germany, Kostyantyn Morozov and Volker Ruehe, took place in Kiev today. At the news conference the sides highly evaluated the agreements between the two departments signed in Kiev. In particular, these agreements determine the conditions for mutually securing official and working visits. Above all, there is talk of exchanging experience in training military personnel, exchanging groups of specialists, cadets and information, organizing visits by ships, and holding joint seminars.

Volker Ruehe confirmed Germany's intention to render material and financial assistance to our state in eliminating nuclear weapons on condition that the START I Treaty is ratified. In his turn, Kostyantyn Morozov confirmed Ukraine's strategic orientation to become nonnuclear in the future.

The ministers expressed the hope that contacts in the military sphere will contribute to improving relations between Ukraine and Germany in a broad sense.

Comment on Agreements, Nuclear Weapons

WS1808081493 Kiev Ukrayinske Radio First Program Network in Ukrainian 1900 GMT 17 Aug 93

[Report by Marat Pogorelov]

[Text] Kostyantyn Morozov opened the news conference taking advantage of the privilege of the host. He mostly repeated [words indistinct] what we told you about in our report on signing the manifold agreements between the two military ministries. Morozov underlined that [German Defense Minister Ruehe's] visit marks a new stage in the relations between the two states. Now, let us listen to Mr. Ruehe's evaluation of the visit.

[Begin Ruehe recording in German with superimposed translation into Ukrainian] We also view the visit as an

important event in bilateral relations. The visit helps to eliminate alienation in Europe. Our negotiations were very earnest. We did not waste time; we were busy working. I am very happy with the agreements that we have managed to sign. I believe that it is very important that our states—Germany and Ukraine—have gained much from the political revolutions that occurred in their countries. Ukraine won independence due to a political revolution, which is very important for both Ukraine and all of Europe. Germany managed to overcome its separation. It is unified now, and it is very interesting to observe the process of unification of once separated German Armies. It is as interesting to observe how the Ukrainian Army is beginning to shape up after the disintegration of the Soviet Army. It is very interesting to observe the joint steps and actions of our states within the framework of the UN. I hope that we will continue the dialogue with regard to our future actions. [end recording]

Later, the two ministers answered the reporters' questions. Of course, there were questions on the presence of nuclear arms in Ukraine. Mr. Ruehe pointed out: I think that any sober politician will voice a desire to see his land nuclear-free, even more so Germany which [word indistinct] has no such arms. At the same time, Germany understands all the difficulties awaiting Ukraine on this path. Germany needed 500 million German marks for the partial limitation of conventional arms. Germany, which allocated large sums for building in Ukraine accommodations for servicemen of the Western Group of Arms, is ready to participate in international disarmament funds.

Ruehe Urges Kiev To Join NPT

LD1708161993 Hamburg DPA in German 1445 GMT 17 Aug 93

[Text] Kiev (DPA)—Defense Minister Volker Ruehe spoke in favor of good relations between Germany and both Ukraine and Russia in Kiev today. At a news conference with his Ukrainian counterpart Kostyantyn Morozov at the end of a two-day visit to Ukraine, Ruehe said: "I want to work for good relations with both Ukraine and Russia." He paid tribute to the efforts of President Boris Yeltsin and President Leonid Kravchuk in settling the conflicts between the two former Soviet republics.

Bonn and Kiev have concluded an agreement on military cooperation similar to the one already in existence with Moscow. It provides for reciprocal working visits and contacts between the armed forces. Morozov said that drawing closer to Germany does not mean turning away from contacts with the CIS: "However, in order to make cooperation with Russia more simple, one must first of all organize cooperation with other European powers."

Ruehe again urged Ukraine, as agreed, to join the Nuclear Nonproliferation Treaty [NPT]. He expressed understanding for Kiev's wish for financial and technical assistance in nuclear disamament. Morozov explained that Ukraine cannot make any money available for this from its budget. One hundred and seventy-six former Soviet ICBMs are stationed on Ukrainian territory. A delegation of the German Bundestag Defense Committee was briefed by Ukrainian parliamentarians on the progress of START I ratification.

Ruehe familiarized himself today on the reorganization and state of training of the Ukrainian Armed Forces. At the Vassilkov base south of Kiev, the Ukrainian Air Force demonstrated the performance of a MiG-29 fighter-bomber. The five-month basic training of recruits was shown at the Ukrainian army training center on the Desna river. Ruehe is expected in Almaty tomorrow, where he will speak with the Kazakhstan leaders on the security situation in the north Asian region.

NATO Admiral Visits Odessa, Seeks Improved Relations

LD1708230493 Kiev UNIAN in Ukrainian 1959 GMT 17 Aug 93

[Text] Odessa—The visit of U.S. Admiral Paul David Miller, supreme allied commander Atlantic of NATO, is continuing. During a meeting with Colonel General Vitaliy Radetskyy, commander of the Odessa Military District, the high-ranking guest expressed thanks for the opportunity to visit combat units and ships. The admiral described the purpose of the visit as a part of the work carried out by the U.S. Joint Chiefs of Staff in improving relations between East and West. According to Admiral Miller, NATO has its interests not only in the Atlantic, but in other regions of the world too. He emphasized that NATO is interested in good-neighborly relations being established between Ukraine and Russia. In his turn Colonel General Vitaliy Radetskyy noted: "We are partners in military development with the United States. I am certain that our military cooperation will be fruitful for both sides." Vitaliy Radetskyy noted that the visit is taking place on the eve of the second anniversary of Ukraine's independence, which NATO states were among the first to recognize.

To Meet Morozov in Kiev

LD1808100393 Moscow ITAR-TASS in English 0915 GMT 18 Aug 93

[By ITAR-TASS correspondent Yefim Shvartsman]

[Text] Odessa August 18 TASS—The commander-in-chief of NATO Atlantic Allied Forces, Admiral Paul David Miller, departed from Odessa for Kiev on Wednesday to meet Ukrainian Defence Minister Kostyantyn Morozov.

He arrived in Ukraine on Tuesday [17 August] on a working visit at the invitation of the Ukrainian defence minister and began his visit with Odessa.

Minister Views U.S. Visit, Environmental Agreements

WS1708143193 Kiev Ukrayinske Radio First Program Network in Ukrainian 1400 GMT 16 Aug 93

[Report by Ihor Polinichenko]

[Text] Speaking of concrete results and not of Yuriy Kostenko's impressions from his visit to the United States, the most important agreement was signed by Ukrainian Minister of Environmental Protection Kostenko and Wasyl Kovalski, chief of a department at the International Bank for Reconstruction and Development at the World Bank. This is a project on protecting the biological variety of the Eastern Carpathians. The Global Ecological Fund will earmark $500,000 for maintaining the Carpathian Biosphere Park, expanding its territory, and protecting the Carpathian flora and fauna. This sum is not a loan, this is a subsidy allocated for carrying out a concrete project. The Ukrainian Ministry of Environmental Protection will be responsible for the correct use of the loan. Let us listen to Yuriy Kostenko.

[Begin Kostenko recording] We have signed an agreement worth $150,000 on resolving ecological problems in the delta of the Danube. We are drafting another agreement worth $4.2 million on resolving the ecological problems of the Black Sea. Some $600,000 will be granted for the development of Ukrainian national parks. Due to this monetary assistance, our ministry will be able to improve its activities in the near future.[end recording]

Why was there no assistance in minimizing the negative effects of the Chernobyl accident? This problems remain very acute.

[Begin Kostenko recording] With regard to grants, unfortunately the ministry has no influence on what we are given funds for. The decision rests with the World Bank. In the first place, the bank finances international projects. When I was signing the agreement, I turned to them with a request to view the problem of the Dnieper as an international project. They had no objections about this. However, they have put forward a demand to seek the agreement of Belarus and Russia. We will discuss this issue with these states but I am not sure whether they will agree to the Dnieper project being financed by the World Bank. With regard to the problem of Chernobyl, a special fund was once established at the UN for resolving it. However, through somebody's fault—I do not know whether our state or the world community is to blame—the fund has enough money only for wages for the personnel of its secretariat. The World Bank refuses to discuss the Chernobyl issue, because there is a lack of unanimity on whether this is a global international problem. Notwithstanding the deep economic crisis, our ministry is insisting on shutting down the Chernobyl power plant in 1993. While in Hartford, I saw the reactors that are similar to our RBMK reactors. There, I have been told once again that these reactors used in the former USSR are not safe and the 1986 accident may occur again. Taking into account the economic aftermath of such an accident, we believe that the reactors must be eliminated from use. However, it is not the ministry that makes the decision. This is a right of the government and the Supreme Soviet. Still, if we continue insisting, the government will have to do this. [end recording]

Foreign Ministry Criticizes UNSO Actions in Abkhazia

LD1708173793 Kiev UNIAR in Ukrainian 1430 GMT 17 Aug 93

[Text] Kiev, 17 August—"The UNSO [Ukrainian National Self-Defense Organization] has no grounds to call itself the advance guard of foreign policy, for no such plenary power has been granted to it by anyone," stated Yuriy Serheyev, head of the Foreign Affairs Ministry press center.

"This organization is acting in its own political interests and in accordance with its own firm political opinions, of which one does not invariably approve."

Serheyev's point of view is that UNSO members' behavior in the Georgian-Abkhazian conflict zone is particularly dangerous. The opinion of the head of the Foreign Affairs Ministry press center is that actions by the Ukrainian National Assembly men may not only have unforeseeable consequences, but also may lead to misunderstanding and even conflicts between Ukraine and the former Soviet Union states.

Deputy Foreign Minister Meets Rwandan Minister

AU1608184393 Kiev URYADOVYY KURYER in Ukrainian 14 Aug 93 p 1

[UKRINFORM report: "A Meeting With the Rwandan Ambassador"]

[Text] As reported by the Ukrainian Ministry of Foreign Affairs, on 12 August, First Deputy Minister of Foreign Affairs Mykola Makarevych received Dr. Daniel Mbangura, minister of higher education, research, and culture of the Rwandan Republic, During the visit, problems of bilateral cooperation between the two countries were discussed, as well as those associated with training Rwandan students in the educational institutions of our state.

National Affairs

Kuchma Meets Presidential Representatives on Agriculture

LD1708225993 Kiev UNIAN in Ukrainian 1959 GMT 17 Aug 93

[Text] Khmelnitskiy [no date as received]—Ukrainian Prime Minister Leonid Kuchma held a meeting on 17

August with the participation of representatives of the president from nine western oblasts and Podolia. The meeting was devoted to the results of the work of the first half of 1993 regarding creating food and feed resources, preparing for the winter of 1993-94, pricing policy, and financial provision for the agrarian sector.

Agriculture Minister Yuriy Karasyk, in his speech at the conference, defined the priorities for developing industry, placing the grain problem as the first priority. In particular the minister said that as of now Zaporozhye and Kherson oblasts and the republic of Crimea had received less than the planned harvest, and so all hopes are being put on the central and western oblasts. "Grain should work at reception points like money in the bank, only the grain is our currency." Speaking before representatives of the president, Leonid Kuchma dwelt in detail on the problem of trade and economic relations with Russia. He observed that the government is planning to raise the customs taxes on all goods exported to Russia and Belarus. The prime minister explained the policy of shareholding in Ukrainian enterprises by Russia. In this way Ukrainian oil processing enterprises can give 45 percent of shares to Tyumen oil employees, and for this Russia will deliver 16 million tonnes of oil. Leonid Kuchma spoke against a gradual increase in prices. In his opinion, prices should increase immediately, but everything will be decided by the Supreme Council. Whatever happens, after prices for grain are raised, everyone will receive subsidies for purchasing bread, sugar, and for payment for public utilities.

Fate of Crimean Fruit Harvest Viewed

PM1708133793 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 13 Aug 93

[Video report by V. Plotnikov and V. Telechev; from the "Novosti" newscast]

[Text] [Plotnikov] One-third of the Crimea's famous fruit harvest will perish even before it leaves the orchards. And this is in no way due to sloppy farming. The fact of the matter is that the development of fruit growing and vine growing in the Crimea was geared to the immense northern market. Now that market has shrunk to within Ukraine's state borders. So there is no demand for much of what is harvested. The "Mir" Kolkhoz in Sakskiy Rayon tried to export its peaches by air to Tyumen Oblast, but they ended up having to unload at the customs house in Kharkov—for one thing, their license was not filled out correctly, and then there were the customs duties. When the aircraft took off empty, naturally the peaches had to be left behind, and the kolkhoz lost its money. There are many such instances. At the Yevpatoriya Sovkhoz they decided not to take the risk, and instead they have granted city-dwellers access to the orchard. For 350 karbovantsi per kilogram they can load up their cars with fruit and take it wherever they like, including Moscow. This seems to work here. But the price of a peach at Russian markets doesn't bear thinking about!

There was a time when canning plants and workshops solved such problems. Here in Sakskiy Rayon, such facilities can be found on every other farm. But, because there is no fuel for the equipment, they either operate just one shift or they don't operate at all. It really is a vicious circle...

Problems Seen Hindering Introduction of Currency

LD1708222593 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 17 Aug 93

[Text] The press secretary of the Ukraine Cabinet of Ministers, on the instruction of the government, made a statement on 17 August regarding the prospects for introducing the national monetary unit, the hryvnya. It is stressed that it is not possible to carry out monetary reform even in an adventurist way and introduce the hryvnya in the conditions that have arisen today.

Above all it is necessary to resolve a whole range of problems. In particular, it is necessary to subdue inflation, to set up a currency stabilization fund, and to implement a number of other measures and decisions. Moreover, the decisions that the Supreme Council, the government, and the National Bank of Ukraine will be taking should be coordinated and well-considered.

The statement of the press secretary draws attention to essentially technical problems too, which make it impossible to carry out monetary reform in Ukraine in the near future.

The press secretary also made an assessment of the irresponsible publications and commentaries on the possible implementation of such a reform in the near future. In his opinion, they only disturb society, artificially undermine the exchange rate of the karbovanets in relation to other currencies, and cause losses both to the state and to its citizens.

Economist Views Ways To Overcome Inflation

AU1808105693 Kiev HOLOS UKRAYINY in Ukrainian 14 Aug 93 p 3

[Article by Professor Volodymyr Chernyak, doctor of economic sciences: "Anti-Inflation Policy: Possible Variants"]

[Text] The nature of inflation in Ukraine is structural, institutional, and monetary at the same time.

Consequently, the anti-inflation policy must be comprehensive, more specifically, it must be implemented on the basis of combining monetary and nonmonetary methods.

Nonstandard and nontraditional decisions must be made to enable our economy to emerge from the present difficult situation. The use of the traditional set of anti-inflation measures (reduction of monetary and credits emission and the freezing of wages) may lead to

the loss of inflation instruments that are necessary for restructuring the national economy, to suppressing demand, and to paralyzing incentives for labor.

In order to curb inflation, it is, first of all, necessary to resolve the problem of saturating the market with commodities. This is the main task and everything else is of secondary to it. An increase in the production of consumer goods is the most effective anti-inflation measure. This is due to the fact that it is the general commodity shortage which is the main destabilization factor, and not the increase in wages and not even the monetary and credits emission.

In our conditions, the main inflation factors are precisely the shortage of commodities, the decrease in production, the absence of incentives for labor, including our own hard currency, the "structural disease" (we have distanced ourselves too much from natural proposals that require total restructuring and, therefore, also capital), monopolism, and corruption. We have monopoly prices and not free ones. The formation of free prices is based upon a competition among commodity producers.

In our conditions, such an element of anti-inflation policy as suppression of effective demand has been pushed to the background. This element works effectively if there is a genuine market—the market of the consumer (and not of the producer). We have totally different conditions and, therefore, we must operate with different instruments. The transition to market conditions is impossible on the basis of suppressing demand. In our country, prices of goods are not reduced even if demand is weak. Unless this circumstance is taken into account, it would be naive to expect that anti-inflation policy can be effective.

In the conditions of commodity deficit, victory over inflation is only possible on the basis of developing the production of goods and services. The major problem of the current situation is that of production. To put it differently, it is a problem of constructing a system of effective incentives for labor and for investments and it is a problem of saturating the market with high-quality goods. As long as there are no incentives for labor, no manipulations with prices, coupons, karbovantsi, or hryvnyas will produce any effect.

Anti-inflation measures do not only have to affect the currency and finance and credits policy, but must also promote the development of commodity production and boost its effectiveness and competitiveness. It is already obvious that we must cease supporting inefficient enterprises and build the mechanism for clearing them up on the basis of financial bankruptcy. The unwinding of the inflation spiral is associated with involving the finance and credit system into the process of supporting artificial solvency of enterprises. It is, certainly, necessary to take into account the fact that enterprises may go bankrupt as a result of depreciation of their own assets, shortage of circulating capital, nonpayments, or extremely high interest rates for credits. It is clear that bankruptcy must be the punishment for one's own fault. As concerns the criterion for granting state support to enterprises, primarily by way of financing and crediting, the following reservation must be made: Only those enterprises that are capable of manufacturing competitive products deserve support.

The development of production is intimately connected with reform in ownership relations, including ownership of means of production, land, and property, with the development of entrepreneurship and formation of market mechanisms, and with the elimination of structural disproportions in the economy, including unnatural disproportions in incomes. Here, a special emphasis must be made. It is only necessary to fight that type of inflation that does not contribute to restructuring the national economy. There exists a temptation to increase prices and to freeze wages to bring the monetary and commodity masses into proper shape. This is impossible without structural changes in favor of consumer goods.

The deficit in the state budget is an inflation factor if it is not insured by actual financial resources, but is, instead, covered by monetary and credit emissions, when the deficit-forming emission goes nowhere, like water into sand, to subsidize obsolete productions or unprofitable enterprises, the military-industrial complex, when it encourages the eating through of imports, and so on. If it is restructuring that leads to an increase in the state budget deficit, then inflation does creative work. In order to avoid the use of monetary and credit emission for covering the budget deficit, it is necessary to clearly differentiate between the budgetary mechanism and the mechanism for the monetary-credit emission.

The increase of wages is an inflation factor only when it involves emission, in other words, when the dynamics of wages is estranged from the dynamics of production (of course, one should not overlook the need to correlate the wages dynamics and the price dynamics). The mechanism for restraining wages must be through taxation.

In order to provide the economy with credits, it is necessary to increase credit resources and not to reduce them (I mean mobilization of actual credit resources). The innovation and investment activity and the restructuring of the national economy may only be based on credits and taxation benefits. We must combine stringent financial policy with the policy of low-interest crediting in order to restructure the national economy. I realize that it is difficult to implement this policy, but the need for this is enormous. It is only the inflation of demand that may be cured by expensive credits (in our country, we mainly deal with the inflation of expenditure). The crux of the matter does not lie in the excessive credits emission, but in the efficient utilization of the credits mechanism. Credits may be inflationary or anti-inflationary (the latter promote the restructuring and renovation of the production apparatus, the filling of the

market with goods, and the acceleration of capital turnover). The proposal that credits be granted through chains of producers and not in a fan-like manner deserves support.

As suggested by world experience, innovations and investments need to be boosted by benefits in taxation, credits, and insurance. The encouragement to buy shares is a method for switching the capital from consumption to long-term investments. Open sales of shares is the main form of privatizing large and a considerable number of medium-size enterprises. In order to overcome inflation, we need social partnership and—on this basis—the formation of reasonable expectations among the population.

The art of economic policy is in its ability to control sources of inflation.

Parties Call For Economic Transformation

LD1708192093 Kiev UNIAR in Ukrainian 1430 GMT 17 Aug 93

[Text] Kiev, 17 Aug—The Democratic Party of Ukraine, the Congress of Ukrainian Nationalists, the Green Party of Ukraine, and the Ukrainian Republican Party have sent an open letter to the Ukrainian president.

These parties regard a trend to transform the CIS into a closed economic community and an attempt by Russia to pull Ukraine into an economic union as none other than the first step toward forming a Euro-Asian economic union in the not so distant future.

In the opinion of the parties' leadership, to achieve a stable and rich Ukraine requires that its own economy be profoundly transformed into a market one, with private ownership rights a matter of priority. The transformation should take place through implementing financial and monetary reform, intensively revamping the economic structure, carrying out the transition to energy-saving technologies, deepening internal cooperation, establishing mutually beneficial economic relations in all spheres, including those with Russia, and concluding agreements with post-communist East European countries.

To this end, they think, an immediate move should be made to draw up and implement relevant state programs, and the first steps should be taken to organize economic cooperation within the Baltic-Black Sea region.

Poll Reveals Viewers Prefer Russian TV News

WS1708142393 Kiev KHRESHCHATYK in Ukrainian 10 Aug 93 p 6

[Report attributed to RUKH PRESS: "Who Else Do They Listen To?"]

[Text] Russian television programs firmly dominate among sources of political information in the Ukrainian news arena. Among the 11 most popular political broadcasts, only four are Ukrainian, three of them ranked in the second half of the list. Ilko Kucheriv, director of the "Ukraine's Political Portrait" program and head of the Democratic Initiatives independent center, told this to RUKH PRESS.

According to the results of an all-Ukrainian public opinion poll carried out by the center, a majority of 54 percent named the Moscow "Novosti" as the main source of political information. The Ukrainian Television News [UTN] has somewhat less influence—49 percent. The next in the ranking are: "Tema"—39 percent, "Itogi"—31, "Krasnyy Kvadrat"—22, "Vesti" (all from Moscow)—22. Only 16 percent named an oblast television as a source of political information.

The third program of Ukrainian Television SIT-3 has the same popularity. The listing of the 11 most popular broadcasts ends with "Hart"—13 percent.

Such political programs as "Deputies' Channel", "Studio 1 December", "Government Herald", and "Aktsenty" wound up among the outsiders. Only 4 to 6 percent of those surveyed named them as a main source of political information.

Russian television broadcasts have surprisingly extensive influence on the Ukrainian humanistic intelligentsia, part of the population that is the most responsible for the uniqueness of the culture and the independence of the country. Among them, 65 percent prefer Moscow "Novosti", and only 47 percent—UTN. "Russian mass media's domination will have an impact on the outcome of the 26 September referendum and the forthcoming elections in Ukraine", concluded Ilko Kucheriv.

Hungarian Organization Faces Problems With Registration

AU1708175093 Budapest NEPSZAVA in Hungarian 17 Aug 93 p 3

[Interview with Sandor Fodo, chairman of the Cultural Association of Hungarians in Subcarpathia, by Sandor Horvath; place and date not given: "Can the Hungarians in Subcarpathia Be Involved in Politics?"]

[Text] "The Justice Department of State Administration refused re-registration of the statute of the Cultural Association of Hungarians in Subcarpathia [KMKSZ]. For this reason, to avoid rumors, the KMKSZ's board of directors finds it important to inform the membership that it considers this process unlawful and will turn to the court for legal redress, trusting that the law will provide justice."

This brief but spectacularly printed statement was published on 15 August in the only newspaper of the region that resembles a daily, namely in the KARPATI IGAZ SZO [True Word of Carpathia].

The central decision that made it compulsory for Ukraine's social and ethnic organizations to re-register was made in 1992. It can only be guessed why this was thought to be necessary. The suspicion arose that, through this, our wise leaders wanted to create another obstacle to the development of civil organizations. Up to now, only a very few of the dozen associations and groups in Subcarpathia have been re-registered.

Several times in recent months, because of various objections, the Justice Department has returned the KMKSZ's Statute that had been amended and accepted at its latest general meeting, for further amendments.

[Horvath] What was the reason this time?

[Fodo] The department demanded that we leave the status and tasks of the political secretary out of the statute.

[Horvath] Will you comply?

[Fodo] This only takes up three lines in our statute, but it has an importance of principle and, therefore, we will not comply with the demand. Anyway, Paragraph 20 of the Law on Association clearly states, without any doubt, that social associations—on the basis of Paragraph 3 of the same law, the KMKSZ is such an organization—have the right to conduct political activities. Therefore, if this right is given, then it is natural that we have to have a person fulfilling the tasks in this area. The court will discuss the matter this week. Being aware of the laws in force on this subject, it is only we who can win, unless this issue has a political aspect. However, if the refusal has a political reason, the fight will begin.

[Horvath] Could you explain more precisely what you mean?

[Fodo] Well, if there is a hidden intent, it cannot be anything other than to deprive the KMKSZ of the possibility of being engaged in politics. However, we will never allow this.

It seems that the KMKSZ will have to stand its ground in a number of ways in the near future. For months, there has been a struggle with the county council over the ownership of the KARPATI IGAZ SZO. For the time being, the council has been successful because its candidate is directing the only Hungarian newspaper in Subcarpathia that has a reasonable circulation. This, and the complications surrounding the registration, are worrying, especially if we consider that forward elections are expected to be held at the end of September.

Belarus

Shushkevich Interrupts Vacation, Comments on Ruble Zone

LD1708221593 Moscow Ostankino Television First Channel Network in Russian 2000 GMT 17 Aug 93

[Video report by Lyudmila Vilyuga, including comment by Supreme Soviet Chairman Stanislav Shushkevich; from the "Novosti" newscast]

[Text] [Vilyuga] Stanislav Shushkevich, head of the Belarus Supreme Soviet, interrupted his vacation today. At a press conference held this evening, he explained that this was necessitated by the disastrous situation in the republic. It is difficult to recall another time when Belarus was as strongly gripped by such acute economic problems. The energy crisis that brought republican enterprises to a standstill, Shushkevich stressed, is a result of difficult financial relations with Russia caused by a 100 billion ruble [R] debt and the absence of Russian cash from the Belarus National Bank. In Shushkevich's view, the transition to a national currency that is currently being discussed can aggravate the situation even further.

[Shushkevich] You know I would like us to be in the ruble zone on a healthy legal basis, on the basis of normal market relations. I am in favor of a closer integration because we are experiencing great difficulties. You see, the thing is that one should play by the rules, but these rules have not been formulated. I could say many things in reply to your question. Earlier we used to play by these other rules. If they were not enough, the telephone rule [reference to CPSU ability to simply issue orders over the phone with no further debate] was used; also, there were bodies that issued directives and could issue unconstitutional decisions and nobody would utter a word against or question their constitutionality. And that way rules were set. But nowadays the rules are different. Nowadays, all these states have gone over to legal norms and legal bases. So it should be set out in legal categories what can and cannot be done. I am in favor of such an approach, although this is very difficult work.

[Vilyuga] Shushkevich remarked at the press conference that the draft of an economic union for signing by heads of state is certainly a step forward, if not a panacea for all our problems.

Shushkevich Expected To Meet Yeltsin To Discuss CIS

LD1708160893 Moscow ITAR-TASS World Service in Russian 1453 GMT 17 Aug 93

[Text] Minsk, 17 Aug (BELINFORM-TASS)—It is expected that a meeting between Russian President Boris Yeltsin and Belarusian Supreme Soviet Chairman Stanislav Shushkevich will be held next Thursday in Moscow. A BELINFORM correspondent learned this from well-informed sources close to the head of the Belarusian Parliament. It is thought that discussions will concentrate on holding a meeting of the CIS states on 7 September, on the meeting of the heads of the CIS governments due to be held in Minsk on 27 August, and also on individual aspects of Belarusian-Russian relations. The Belarusian Supreme Soviet chairman, who was vacationing on Belarus's Lake Naroch, interrupted his holiday because "it is necessary to deal with a number of questions."

Deputies on Results of Moscow Talks on Economic Cooperation

WS1708134293 Minsk Radio Minsk Network in Belarusian 1715 GMT 16 Aug 93

[Text] Today, in Minsk, a press conference was held on the outcome of the Moscow talks conducted by a group of Belarusian people's deputies on economic integration with Russia. Our journalist Ivan (Hladkiy) will give you some details on this press conference.

[Hladkiy] All honest people are distressed at the situation in Belarus. [words indistinct] Late last week, Russian gas deliveries were considerably cut; prior to this, Russian oil deliveries had been cut as well. People are in despair while the Republican leadership is vacationing. Different rumors are being spread; some say that Russia is to blame for this situation. What is the matter? Who must be blamed? A group of people's deputies visited the Russian legislature to clear up the issue. These are Henadz Kazlow, Aleksandr Lukashenko, Nikolay Skorynin, and Ivan Trusov. They fielded a lot of questions from journalists at the press conference. After the press conference, I asked Henadz Kazlow to sum up the results of this Moscow visit.

[Begin Kazlow recording] To our great satisfaction, the Supreme Soviet position turned out to be positive. The other thing is that we had to explain the entire truth about our current situation. We proceeded from the point of view that we cannot continue to live like we are living now. Perhaps we cannot live like we lived yesterday. We should look for a new formula for life. We have begun to look for it, we have made the first steps at the inter legislative level. [words indistinct] When we spoke to the chairman of the Russian Central Bank about the tragic situation in the Republic, I was convinced that we are thinking the same way. We must do something. Significant decisions must be made. We have discussed the proposals of both parties. However, time is pressing. [words indistinct] In my opinion, bread smells the same in Belarus, Russia, and Kazakhstan. Our food needs are the same. In order to eat, we must work [words indistinct]. We have adopted a Supreme Soviet resolution on the necessity of holding talks on economic issues between the Belarusian Supreme Soviet chairman and Yeltsin. It has not yet been fulfilled. However, the time is passing away. What are we waiting for? Oil and gas deliveries have already been cut off; we are short of electricity; we have no Russian money. [end recording]

[Hladkiy] Henadz Kazlow stressed that they have reached a mutual understanding on all the issues discussed. However, in order to resolve these issues, the Belarusian leadership must pursue a more dynamic policy. The most important thing is that the economic union with Russia should be bolstered and [words indistinct].

Customs Union To Be Set Up With Russia, Ukraine

LD1708082593 Moscow ITAR-TASS in English 0758 GMT 17 Aug 93

[By BELINFORM correspondent Vladimir Glod for TASS]

[Text] Minsk August 17 TASS—"Belarus, Russia and Ukraine plan to set up in 1994 a tripartite customs union and to set up a single customs territory, within which there will be no customs duties for goods, labour and services," Belarus vice-premier and head of the Belarus part of the tripartite working commission Vladimir Zalomay told the newspaper RESPUBLIKA, which published his interview here today.

Zalomay said that the sides had already agreed not to introduce any new customs duties, but to reduce them consistently so as to ensure as of January 1st, 1994 "the complete abolition of the tariff regulation of the movement of goods, labour and services within the limits of the customs union". The sides have agreed that profit of the parties to the agreement would be taxed irrespective of the form of property. It is planned to reach agreement before December 1st, 1994, on single tariffs for the value-added tax and on the list of goods subject to taxation.

Zalomay believes that the effectiveness of economic integration depends directly on the monetary system that will be established. "in the given case I have in mind a single rouble monetary system," he stressed. "A genuine, not a declarative economic union is possible only on these conditions. Intensive negotiations are now being conducted on this problem. A final decision can be expected in the nearest future."

The Belarus vice-premier believes the tripartite agreement could be joined by other CIS nations. "At the given stage," he stated, "it is not the number of signatories of the document that matters, but their sincere desire to put an end to the current economic confusion, their readiness to concert and coordinate their actions with each other." Zalomay stressed that the "renovation and deepening of economic integration between Belarus, Russia and Ukraine will contribute to the earliest creation and normal functioning of their economic union within the frameworks of the Commonwealth of Independent States".

Moldova

Russia Grants 50-Billion-Ruble Credit

AU1408161993 Chisinau BASAPRESS in English 1948 GMT 13 Aug 93

[Text] Chisinau BASAPRES, 13/8/1993—After the last week talks between representatives of Russia, Moldova and Dniester, Russia will grant Moldova a 50 billion rubles credit. Tiraspol will received 15 billion of the credit, stated during a Tiraspol radio broadcast Oleg Natakhin, Dniester minister of finances. Starting with 1995, Tiraspol will return the debt separately from Moldova, using accounts in the Russian banks. The Moldovan Government engaged itself to pay Russia 4.5 billion rubles for gas deliveries to the Moldovan Hydro-Electric Station. Tiraspol must pay another 4.5 billion. The Moldovan and Dniester banks discuss now the division of the 9 billion internal state debt of the former Soviet Bank. According to Natakhin, the share of expenses in Dniester's budget was 40 billion rubles in the first half of 1993.

Romania To Supply Petroleum, Diesel Fuel

LD1708123793 Moscow ITAR-TASS in English 1206 GMT 17 Aug 93

[By ITAR-TASS correspondent Fedor Angeli]

[Text] Chisinau August 17 TASS—At the end of August, Romania is expected to begin supplies of petroleum and diesel fuel to Moldova. An agreement to this effect was reached at Moldovan-Romanian talks currently underway in Chisinau.

In return, Moldova will supply agricultural products and concrete at world prices like those established for oil products.

NATO Official Arrives in Chisinau

AU1708125693 Bucharest Radio Romania Network in Romanian 1000 GMT 17 Aug 93

[Nicolae Mircea Nastase report from Chisinau]

[Text] This morning a North Atlantic Treaty Organization [NATO] delegation headed by Field Marshal Sir Richard Frederick Vincent, chairman of the NATO Military Committee, arrived on a visit in Chisinau. The NATO official has already held a round of talks with Moldova's defense minister, Major General Pavel Creanga, and is to be received by the vice chairman of Moldova's Parliament, Victor Puscas, around 1400.

People's Front Claims Government Represents Moscow's Interests

LD1708124793 Moscow ITAR-TASS in English 1208 GMT 17 Aug 93

[By ITAR-TASS correspondent Fedor Angeli]

[Text] Chisinau August 17 TASS—The People's front of Moldova claims that the president and the government of the republic "represent the interests of Moscow in Chisinau, and not vice-versa", says a statement of the front released here today.

"The fact that Moldova is not integrated into any other international economic structure but the Commonwealth of Independent States, is due to the selfsame pro-Moscow policy of the Moldovan leadership, dictated by political, not economic considerations."

The People's Front deems it necessary to urgently sign a treaty of fraternity and integration with Romania, to continue the political efforts to include Moldova in the European Community.

Statistics Department Reports Rise in Consumer Goods Prices

AU1708174893 Bucharest ROMPRES in English 1538 GMT 17 Aug 93

[Text] Chisinau, ROMPRES, 17/8/1993—The Department of Statistics of the Republic of Moldova analyzed the evolution last week of average prices for the main consumer goods, MOLDOVA PRES informs.

The rise was particularly high for the food products sold through state-owned retailers: 24.8 percent for pork, 19.2 percent for chicken, 7 percent for salami, 11.1 percent for wheat flour, all compared with last week prices.

One kilo of butter costs in Chisinau 3,600 rubles, in Moscow 1,496 rubles, in Minsk 1,990 rubles. Ten eggs cost in Chisinau 385 rubles, in Moscow 299, in Minsk 180. One kilo of quality flour cost in Chisinau 300 ruble, in Moscow 102, in Minsk 150. Notably, the average salary in the Republic of Moldova is considerably lower than in Russia and Belarus, MOLDOVA PRES says.

Kazakhstan

Nazarbayev Interviewed on CIS Relations, Tajikistan

AU1708120493 Kiev MOLOD UKRAYINY in Ukrainian 13 Aug 93 pp 1, 2

[Interview with President Nursultan Nazarbayev by special correspondent Vitaliy Portnykov in Moscow; date not given: "Nazarbayev's Position"]

[Text] **The president of Kazakhstan remains one of the most influential politicians on the territory of the former union, and his political position continues to interest other presidents and observers alike. I took advantage of Nursultan Nazarbayev's arrival in Moscow, where he was participating in the meeting between the leaders of Russia and Central Asia, and asked the Kazakhstan leader about his present views on the problems of the CIS, the relations among its members, and the role of Kazakhstan in the Commonwealth.**

[Portnykov] Mr. President, it was proposed at the meeting between the presidents of Russia and the Central Asian countries, that as early as on 7 September an economic union be established in Moscow between the CIS countries. Earlier, an initiative such as this had been issued from Almaty. However, recently the prime ministers of Ukraine, the Russian Federation, and Belarus—without the participation of Kazakhstan—have come out with this initiative to create such an economic union.

[Nazarbayev] As you have noticed, I did not in any way respond to the statement by the three governments. This was something quite similar to what happened in December 1991. Such a union is impossible without Kazakhstan or Uzbekistan. I proceed from the fact that bilateral and tripartite accords may be signed within the CIS. The countries of Central Asia and Kazakhstan also have their own relations, because we help one another. I believe that we must proceed along the road upon which we embarked when we signed, on 14 May, the agreement on the creation of an economic union. There may be various relations within this union.

I do not even want to respond to the accusations regarding the meeting between the leaders of Central Asian countries and their neighbors that was held in Istanbul. Those accusations, issued from Russian [Vice] Premier Shokhin, have already been refuted by President Yeltsin and Premier Chernomyrdin. No documents were signed there. Of course, if Russia chooses not to allow the transit of goods, oil, and gas across its territory—although the state is always interested in offering such transit, because it gets payment for it—then we will have to look for other ways of emerging onto the world market. That is why we, in Istanbul, discussed, for example, the question of building a highway from Kazakhstan to Islamabad, the use of the Caspian Sea, and also railroads for going to Europe via the Bosporus. However, in my speech there, I emphasized that there can be no economic alliance in that region without Russia or Ukraine.

[Portnykov] How do you envision the future CIS?

[Nazarbayev] It will depend upon those who manufacture products and upon the strengthening of horizontal ties. At my initiative, the industry ministers of the CIS countries and also of the former Soviet republics that have not joined the CIS gathered in Karaganda and created a council of industrialists. Commodity producers must sell their products somewhere.

It is bad that we, in the CIS, have failed to study how the European Community functions and how its committees work. We must catch up with this.

[Portnykov] What will be the fate of a Kazakhstan national currency? Are you going to introduce one?

[Nazarbayev] Speaking about the measures that Russia recently implemented on its own territory by introducing its own ruble: If I had been Russia's leader, I would have done the same. Here, one should not be angry with it [Russia], but must realize that this state must have its own ruble. I have known about it since March and we have been making preparations for it together, because Kazakhstan wishes to remain within the "ruble" zone. However, this does not mean that we want to remain with the ruble that is presently in circulation in Russia. It is only essential that such questions be resolved jointly with the friendly country and by helping one another. We are still using the old ruble and, if we so decide, we will turn to Russia with a request to print our own currency at Russian factories. What is wrong with this? Then we will create a normal currency union. When all states adopt their own currencies, it will be immediately obvious who is who. As things stand at present, it is not clear who lives in poverty and who prospers.

[Portnykov] How do you see the prospects for a settlement in Central Asia's main "hot spot"—in Tajikistan?

[Nazarbayev] To begin with, commanders of border troops of the CIS countries have signed documents to have the borders of the CIS countries constitute a single border of the Commonwealth. However, the main burden falls, of course, upon the Russian border guards. It is necessary to understand the following circumstance: Some people say that there are 100,000 refugees from Tajikistan in Afghanistan, but chairman of the Supreme Council of Tajikistan stated that 40,000 of these have already returned home; therefore, 60,000 remain. Everything must be done in order to return these refugees. Talks with the opposition must be started. If they are afraid to gather in Dushanbe, I have proposed Almaty. I will guarantee their security. After the present leadership comes to an agreement with the opposition, nationwide elections must be held.

If there had been no refugees there, it would have been clear who is fighting there, Tajiks who escaped there or

mojahedin. We know what happened in Afghanistan and we know on what grounds the civil war started in Tajikistan. I do not want to cast aspersions upon Islam as a religion, but there are extremist currents there. If the "Tajik scenario" develops further, it will be very difficult to save the situation in Kyrgyzstan and Uzbekistan. This is already on the border of Kazakhstan. If we allow the same to happen in Kazakhstan and then in Tatarstan and Bashkortostan—can you imagine what will happen? That is why I would not oversimplify the situation. The interests of all have now clashed. Perhaps, this is simply a test? On one stretch of the border? But I cannot help wondering: If these are refugees, then where did they get their "Stingers" from?

[Portnykov] What is Kazakhstan's attitude toward the nuclear weapons located on its territory? Could you comment upon Ukraine's position on this issue?

[Nazarbayev] I will not comment upon Ukraine's position. I will only speak for myself. Kazakhstan signed START I and was the first to ratify it, even before the United States, and will fulfill all of its requirements. We are not inclined to resort to any maneuvers. We have an agreement with Russia and we have a joint command of the strategic forces. The president of Kazakhstan has the possibility of blocking the use of the weapons that are located on our territory. We are going to fulfill the requirement to have 50 percent of the weapons destroyed over seven years. Kazakhstan will also join the Nuclear Nonproliferation Treaty.

Rich Oil Deposits Discovered in Kzyl-Orda Oblast

LD1408091393 Almaty Kazakh Radio Network in Kazakh 2300 GMT 13 Aug 93

[Summary] Geologists of the YuzhKazakhneftegaz South Kazakhstan oil and gas association have discovered rich layers of oil at the deposit Kumkol. Work is being carried out on identifying volume and industrial mapping.

The estimated amount of oil in Kzyl-Orda Oblast is 400 million tonnes and 100 billion cubic meters of gas. Annual extraction of oil accounts for 1,500 tonnes and gas has yet to be processed. The region is rich in mineral resources of zinc, molybdenum, and other non-ferrous metals. Sophisticated technological equipment and investments are needed to develop the region.

Kyrgyzstan

Kyrgyz, Uzbek Presidents End Meeting on Economic Ties

LD1408175293 Moscow ITAR-TASS in English 1705 GMT 14 Aug 93

[By ITAR-TASS correspondent Boris Maynayev]

[Text] Bishkek August 14 TASS—A meeting of presidents of Uzbekistan and Kyrgyzstan ended in the town of Osh today with signing agreements aimed at widening economic ties of the two neighbouring countries.

Hold News Conference

LD1508102293 Tashkent Radio Tashkent Network in Uzbek 0200 GMT 15 Aug 93

[Text] Uzbekistan President Islam Karimov paid a working visit to the Republic of Kyrgyzstan on 14 August. Askar Akayev and other officials met the president of the Republic of Uzbekistan at the Osh city airport. Talks were held on a series of economic questions and corresponding documents were signed.

Islam Karimov and Askar Akayev held a news conference for representatives of the mass media, after which the president of the Republic of Uzbekistan visited a number of farms in the oblast.

Uzbekistan President Islam Karimov returned returned to Tashkent yesterday. He was met at the airport by Yuldoshev, chairman of the Supreme Soviet of the Republic of Uzbekistan, Prime Minister Mutalov, (Mirzokov), state adviser to the president, Tashkent Mayor Fazylbekov, and other officials.

Indicators Show Deepening Economic Crisis

PM1708121193 Moscow IZVESTIYA in Russian 17 Aug 93 First Edition p 1

[ITAR-TASS report: "Crisis in Kyrgyz Economy Deepening"]

[Text] Industrial production in Kyrgyzstan this July fell by 41.8 percent over the same period last year, including a 63.3 percent fall in machine building.

According to the statistics published 16 August the trend of declining indicators in agriculture is continuing too. Less grain has been harvested, less feed procured, and less livestock produce obtained than last year. Because of the drop in output volumes state coffers have suffered a shortfall of more than 3 million soms in VAT. On the basis of the results for the first seven months of the year, national income has fallen by 23.3 percent.

Bishkek Construction Company Establishes Ties With China

LD1708120093 Bishkek Kyrgyz Radio First Program Network in Russian 2300 GMT 16 Aug 93

[Text] The Bishkekkurulush construction company has estabilshed business relations with Chinese counterparts. They intend to set up a joint venture—a Central Asian construction, industrial, and trade amalgamation. Foreign partners from Xinjiang will help Kyrgyzs with materials and specialists. Currently, Bishkek needs 350 skilled workers. The letter of intent was signed by (Guo

Sengu), director general of the Xinjiang Uygur construction company, and by (Esgor Agdeyev), deputy director general of Bishkekkurulush.

Tajikistan

Russian Commander Arrives, Seeks Release of Hostages

LD1708115293 Moscow ITAR-TASS World Service in Russian 1100 GMT 17 Aug 93

[By ITAR-TASS correspondents Galina Gridneva and Aleksandr Kharchenko]

[Text] Dushanbe, 17 Aug—Colonel General Andrey Nikolayev, commander of Russian Border Troops, arrived here today. He intends to look into the situation on the Tajik-Afghan border and resolve urgent problems in implementing a decision of the conference of the CIS heads of state with regard to strengthening the border in Tajikistan. Andrey Nikolayev told ITAR-TASS that one of the main tasks of the trip to Tajikistan is the release of the hostages who were captured on 10 August on the Tajik-Afghan border and who are currently in Afghanistan.

Afghan Foreign Minister Phones Almaty About Hostages

LD1308093793 Moscow ITAR-TASS World Service in Russian 0902 GMT 13 Aug 93

[By ITAR-TASS correspondents Galina Gridneva and Aleksandr Kharchenko]

[Text] Dushanbe, 13 Aug—Afghan Foreign Minister Hedayat Amin Arsala, who is in Dushanbe on an official visit, spoke on the phone this morning to his Kazakh colleague. The topic of conversation was the fate of the five border troops being held hostage by one of the Afghan armed groups.

As has already been reported, one of the hostages is an officer from the Kazakh peacekeeping battalion, which was sent to reinforce the Pamir section of the Tajik-Afghan border within the framework of the CIS countries' collective security treaty.

The details of this conversation are not yet known. However, an ITAR-TASS correspondent was told by the information department of the Tajik Foreign Ministry that Kazakhstan has now got involved in trying to get the hostages freed at the very highest level.

Update on Tajik-Afghan Border Situation

LD1708213893 Moscow Radio Rossii Network in Russian 2000 GMT 17 Aug 93

[Text] The situation on the Tajik-Afghan border is completely under control, the command of the Russian border guards in Tajikistan confirms. However, according to reports from Dushanbe, two attempts at violating the border in the area of Pyandzh by anti-government forces based on Afghan territory have been registered over the past 24 hours. The NEGA agency reports that talks are nonetheless taking place between Afghan mojahedin field commanders and leaders of Islamic Tajiks on Afghan territory.

Government Refutes Ostankino Report on Opposition

LD1708205993 Dushanbe Radio Dushanbe Network in Tajik 1200 GMT 16 Aug 93

[Text] As we stated in our previous program, Ostankino television on 14 August in its "Itogi" program broadcasted a false report pertaining to the situation in Tajikistan. The report said that the opposition forces will achieve victory over the government forces in the near future and that allegedly the opposition forces of the Tajikistan Government enjoy greater influence in the Karategin valley. This report was broadcasted by reporter Oleg Panfilov, who worked in Tajikistan and was notorious for his false reporting. He left Dushanbe for Moscow last autumn and is still trying to complicate the situation in Tajikistan.

Several hours ago, the press center of the head of state sent a letter of refutation to Ostankino television. The letter says that this report is groundless and is a sheer lie. Panfilov himself is not aware about the present situation In Tajikistan. He is using old information. Such reports seek to complicate the situation in Tajikistan, to start a wide-scale military operation here, as well as to aggravate the fraternal relations between the CIS member states. Tajiks, Uzbeks, Russians, and other nationalities that live in Tajikistan do not want such a turn of events. In fact, the situation in Tajikistan is stabilizing. In connection with this report, we want to point out that last week's "Itogi" program also broadcasted an incorrect and false report on the situation in Tajikistan. It is not a secret that the people are tired of all kinds of intrigue, provocation, and false information. Everybody wants peace and a better life.

If one speaks about the situation of the Karategin valley, the situation is calm here. The people are working and living in peace.

According to the refutation of the press center of the head of state and other information sources, such as the Defense Ministry and the Interior Ministry, many foreign news agencies and individual journalists want to blacken the independent and aggrieved Tajikistan by all means. But our people have to know one thing: Nobody will provide them with anything better than they themselves can. Nobody but them can make Tajikistan prosperous and tranquil and improve the lives of its people. Those who are blaming our people from a distance have only one aim, to earn foreign currency and money by means of their provocative reports. Of course, reality is what one sees with one's own eyes and feels it. The people of Tajikistan learn from the mass media what is

happening in our republic in time. These false reports, even if they do not harm our people in any other way, will affect us morally. Therefore, once again, we want to point out to the people not to believe such provocative reports.

Turkmenistan

Niyazov, Shevardnadze Reach Agreement on Georgian Gas Debt

LD1708141893 Moscow Mayak Radio Network in Russian 1238 GMT 17 Aug 93

[Text] [Announcer] Correspondent Mirgen Amanov in Turkmenistan is on the line to our studio. Go ahead. Good afternoon.

[Amanov] Good afternoon. The signing of the basic document of a friendship and cooperation treaty between Turkmenistan and Georgia was the main result of the meeting between Turkmenistan President Saparmurad Niyazov and Georgian head of state Eduard Shevardnadze. Nine major agreements were signed today in total: agreements on economic issues, banking, customs control, culture, and sports. Twenty-six documents in total were signed.

Of course, everyone is interested in the question of Georgia clearing its debt for Turkmenistan gas supplies. You will recall the position based on principle which Turkmenistan adopted: It was explained first and foremost by the economic situation which has developed to date. While supplying gas to Georgia without payment for its transportation, Turkmenistan increased its debt to Transgaz of the Russian Federation daily.

Moreover, by providing credit to those in receipt of its gas, Turkmenistan did not have any funds left to develop the gas extracting industry itself, which requires a lot of investment. Therefore, today the sides found an option based on compromise on the issue of clearing Georgia's debt for Turkmenistan's gas supplies: Georgia will pay 50 percent straight away and 50 percent on a clearing basis over the course of the current year.

It must be noted that Shevardnadze supported Niyazov's proposal on holding a conference of heads of state of the former Union in Ashgabat in October. The questions of how to further build economic relations between states and how to develop and live further will probably form the basis of the forthcoming conference. These are main points of the news today.

[Announcer] Mirgen, I hope you're still there. I have a question for you: What does Turkmenistan think of the possibilty of, or, let's say, the necessity for such an economic union between the countries of the former USSR?

[Amanov] Niyazov and Shevardnadze discussed this very question today.

[Announcer] Yes, you've just told us about that. But what about the population of Turkmenistan?

[Amanov] People in Turkmenistan have always been positive about this question. In general, if there is such a policy, then the president—and I would like to remind you that the conversation today was about this very issue—I think that people entirely support the proposal put forward by President Niyazov on holding a conference in Ashgabat in October.

[Announcer] Thank you. I would remind listeners that they have been listening to Mirgen Amanov, our correspodent in Ashgabat.

Government To Introduce Own Currency on Independence Day

LD1508211793 Moscow Radio Rossii Network in Russian 1600 GMT 15 Aug 93

[Text] Turkmenistan intends to time the issue of its national currency—the manat—to coincide with the celebration of its independence day in October. Until then, the 1961-1993 issue ruble will remain in circulation in the republic. It is expected that the manat-dollar exchange rate will be one to one. The average wage in Turkmenistan will be around 200 manats. (PALINFORM) news agency says that the currency is already being printed in Great Britain. Specialists calculate that enough will be printed to suffice for the next five or six years, by which time it is assumed that Turkmenistan will have built its own mint and a print works for securities.

Armenia

Foreign Minister Informs UN, CSCE of Azeri Attacks

NC1708212893 Yerevan ARMENPRES International Service in Armenian 0913 GMT 17 Aug 93

[Text] Yerevan, 16 Aug (ARMENPRES)—Armenian Foreign Minister Vahan Papazyan sent a message to UN Secretary General Butrus-Ghali, the president of the UN Security Council David Haney, the current president of the CSCE Margaretha af Ugglas, and the chairman of the CSCE Minsk Group Mario Raffaelli. He drew their attention to the rocket and artillery shelling of Armenia's Tavushskiy, Idzhevanskiy, Araratskiy, and Gorisskiy Rayons by the Azerbaijani Armed Forces on 13 August.

The unprecedented fierce rocket and artillery shelling caused material damage in Tavushskiy Rayon and four peaceful citizens were injured. Considerable damage was done to the cultivated lands in the rayon and agricultural equipment was destroyed.

The message notes specifically that this latest infringement on Armenia's territory proves yet again that certain Azerbaijan ruling circles have not given up their short-sighted policy to drag Armenia into a large-scale war to further escalate the conflict in the region.

In case of the continuation of such operations, the Armenia Government reserves the right to retaliate in kind to neutralize the danger threatening the Republic's territorial integrity and the life and security of the citizens, and Azerbaijan will bear full responsibility for the consequences.

The Armenian Foreign Ministry sent a protest note to the Azerbaijani Foreign Ministry on this matter.

In the message, the Armenian Foreign Ministry also submitted information to the heads of these international organizations on the escalation of the military operations on the borders of Mardakertskiy and Gadrutskiy Rayons in Nagorno-Karabakh and on intensified attacks and shelling of Gadrutskiy Rayon from the direction of Fizuli.

These provocative operations are forcing the Armenian authorities to infer that despite first steps in the Baku-Stepanakert dialogue, Azerbaijan continues to adhere to its bankrupt policy of resolving the Karabakh conflict through force.

Such operations obviously endanger the efforts of the CSCE's Minsk group, and this is a source of deep concern for the Armenian leadership.

Vahan Papazyan's message says in conclusion: "I want to reiterate the Armenian authorities' sincere desire to help the CSCE Minsk group's efforts toward the political settlement of the Nagorno-Karabakh conflict."

Azerbaijani Air Raid Kills 10 in Kapan

LD1808084893 Moscow ITAR-TASS World Service in Russian 0754 GMT 18 Aug 93

[By ITAR-TASS correspondent Tigran Liloyan]

[Text] Yerevan, 18 Aug—Ten civilians were killed this morning in an air raid by the Azerbaijani Air Force on this rayon center in southeastern Armenia. An ITAR-TASS correspondent was informed from Kapan that at 0713 three Azerbaijani Air force planes dropped bombs on the town, which has a population of 45,000. There are also wounded and damage. Eyewitnesses testify that the planes flew over the town at a low altitude, dropping bombs and making several turns.

Armenian presidential representative Aram Abramyan told an ITAR-TASS correspondent that "experience shows that as soon as internal political relations exacerbate in Azerbaijan, that Republic makes efforts to settle them by an immediate intensification of hostilities both in Nagorno-Karabakh and on the Armenian border."

Azerbaijan

Guseynov Given 3 Days To Rectify Talysh-Mugan Situation

LD1708180993 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 17 Aug 93

[Video report from Baku—from the "Novosti" newscast]

[Text] Today's sitting of the Azerbaijani National Assembly was opened by Acting President Geydar Aliyev, who told the deputies about President Boris Yeltsin's appeal to him regarding the fate of the five Russian servicemen who had been sentenced to death by the Azerbaijani Supreme Court. The head of parliament stressed that the solution to this issue would have a positive effect on the development of Azerbaijani-Russian relations.

The National Assembly appraised today the actions of Alikram Gumbatov and his supporters, who seized power in seven southern areas of the republic and proclaimed the so-called Talysh-Mugan republic there, as criminal and aimed against Azerbaijan's territorial integrity. In a decision adopted today the Defense Ministry was instructed to take measures in order to take unconditional command of the military units stationed in the region and illegally captured by Alikram Gumbatov's group. The parliament instructed the power ministries [interior, defense, security] to take urgent measures to restore legality and law and order in the south of the republic and prevent human rights abuses there. Prime Minister Surat Guseynov was given three days to restore stability in the region, ITAR-TASS reports. [video shows parliament proceedings]

Parliament Issues Decree After 2-Day Session

NC1708182993 Baku ASSA-IRADA in English 1513 GMT 17 Aug 93

[Text] Baku 17.98.93 (ASSA-IRADA)—To condemn the illegal actions use of violence and terror infringement of human rights fixed in 7 southern districts of Azerbaijan to instruct Premier Suret Guseynov to resolve the issue on the so-called Talysh-Mugan republic, to expell [former Defense Minister and recently appointed Deputy Prime Minister on Defense Industry] Mr Rakhim Gaziyev from Milli Mejlis—these and other items are included into the decree of Azerbaijan parliament adopted as a result of the 2-day debates over this issue.

Gumbatov's Acts Seen as 'Criminal'; Gaziyev Expelled

NC1708200093 Baku AZERTAC in Azeri 1711 GMT 17 Aug 93

[Text] Baku, 17 Aug (AZERTAC)—At its session today the National Assembly assessed the actions of Alikram Gumbatov and his followers, who seized power in the seven rayons in the south of the republic and proclaimed the pseudo Talysh-Mugan republic, as a criminal act directed against Azerbaijan's territorial integrity.

The Republic's Defense Ministry was instructed to take measures to unconditionally bring under its control the military units stationed in the region and illegally seized by Alikram Gumbatov's group. The parliament instructed the power ministries to take measures to restore legality and law and order in the south of the Republic and prevent human rights abuses there.

Azerbaijan Prime Minister Suret Guseynov asked for a three-day period to restore stability in the region. In declaring the activities of former Defense Minister Rakhim Gaziyev as dangerous for Azerbaijani statehood, the parliament expelled him from its ranks. The parliament's session and the decision adopted noted that Rakhim Gaziyev was an inspiration for separatism not only in Azerbaijan's southern region but also in the north where many Lezgins live.

'Fierce Battles' Rage in Nagorno-Karabakh

LD1708180293 Moscow ITAR-TASS World Service in Russian 1715 GMT 17 Aug 93

[by ITAR-TASS correspondent Tigran Liloyan]

[Text] Yerevan, 17 Aug—According to information received from Stepanakert, fierce battles are raging in the southern part of Gadrutskiy Rayon in Nagorno-Karabakh. The source claims that Azerbaijan formations are trying to break through the defense positions of the Karabakh self-defense forces by firing at them from various types of weapons.

For their part, says the Stepanakert source, the Karabakh forces in Gadrutskiy Rayon "are forced to fire back in order to eliminate the most active firing positions of the enemy, situated near the Azerbaijan rayon center of Fizuli." Karabakh sources point out that in recent days the flow of Azeri deserters has increased in this area.

Azeri Air Force Drops Cluster Bombs in Martuni

LD1708123193 Moscow ITAR-TASS World Service in Russian 1140 GMT 17 Aug 93

[Text] Yerevan, 17 Aug (ARMENPRESS-TASS)—Six aircraft of the Azerbaijani Air Force dropped cluster bombs today in the area of the rayon center of Martuni, Nagorno-Karabakh, an ARMENPRESS correspondent has reported from Stepanakert.

According to the headquarters of the Nagorno-Karabakh self-defense forces, fierce fighting has been going on since morning in the southern part of Gadrutskiy Rayon where Azerbaijani military formations are trying to break through the Karabakh defense. For their part, the latter, while repelling the attacks, have managed to silence several firing points situated near the town of Fizuli.

As for the border regions of Azerbaijan and Armenia, ARMENPRESS reports that the situation remains tense in the area of Krasnosel and Taush Rayons, whose territories are being constantly shelled by Azerbaijani artillery.

Baku Criticizes Armenian Stand on Hostages

NC1708130793 Baku Radio Baku Network in Azeri 1700 GMT 16 Aug 93

[Text] The leaders of the Armenian community in Nagorno-Karabakh and the Armenian Government are trying to use the hostages to annex the areas they have occupied and to force us to yield. The Armenian side, which has avoided holding official talks to exchange hostages, has called for the participation of the representatives of the so-called Nagorno-Karabakh Republic in the talks. It has also argued that talks be held on the hostages without the participation of the representatives of international organizations. In view of this, the planned talks in Tbilisi could not be held on 12 August.

This was disclosed by M. Abbasov, deputy minister of national security and chairman of the State Committee for the Prisoners of War, [word indistinct], and Missing Persons, in the press conference he held on Sunday. He said: Ignoring the fact that it will be condemned by the United Nations and the international community, the Armenian Government, in violation of all the norms of law in the world, continues to take peaceful people hostage in the areas its military forces occupy. Some 2,800 peaceful citizens were taken prisoner by the Armenians during the occupation of Agdamskiy Rayon.

[Words indistinct], 173 youths, and 71 underaged children are among those who were taken hostage or prisoner in Agdamskiy Rayon.

Stressing that the exchange of hostages and prisoners through various means was a dangerous approach, Abbasov said that that process must be carried out only at the state level because the Armenian side, which practices genocide against the Azerbaijani people, is known to [words indistinct] the Azerbaijani citizens they capture and then send them to our Republic to serve the Armenians. Several people who escaped from the Armenians have voluntarily informed our Republic's organs about that matter.

Karabakh Foreign Minister Comments on Rome Talks

MK1708115593 Moscow NEZAVISIMAYA GAZETA in Russian 17 Aug 93 p 3

[Liana Minasyan report under the "Talks" rubric: "Nagorno-Karabakh Demands That Azerbaijani Border Areas Be Demilitarized. CSCE Cannot Guarantee That Hostilities Will Not Resume"]

[Text] Upon the completion of the CSCE Minsk Group's consultations in Rome (in which the members of the Group of Nine adopted a timetable for urgent steps to implement the UN Security Council Resolutions No. 822 and 853, documents determining the conflict area, and a mandate of the joint coordinating commission) the Nagorno-Karabakh Republic's [NKR] delegation announced that they did not get a satisfactory answer to any of the questions they raised with Mario Rafaelli, chief of the Minsk Group, during his trip to Stepanakert. The timetable for urgent steps, adopted in Rome, calls for the withdrawal of the Karabakh Defense Army units from Agdam and provides for the lifting of the communications blockade only in the long run, after the cease-fire takes hold. The Karabakhis think, for their part, that all the requirements of the United Nations resolutions, regarding the withdrawal of troops and the cessation of hostile actions alike, are of equal importance and should be carried out at one time.

NKR Foreign Minister Arkadiy Gukasyan believes that the situation that might come about during implementation of the G-9's initiative will be "non-symmetrical" for Karabakh and Azerbaijan. It provides for a reasonable degree of risk at the stage when the plan is to be implemented: instead of an illusory lifting of the blockade, which may be broken at any time, the Azerbaijani Army was once again given an opportunity to advance to the strategic positions in Agdam. Shelling from the Agdam fortified area alone killed 89 people in the Karabakhi capital of Stepanakert and wounded another 150 people. Gukasyan recalled the notorious Agdam depots—the largest in the Transcaucasus, which formerly belonged to the Transcaucasus Military District and which were initially designed to supply one year of the Soviet Army's intensive combat operations in the entire area (these depots went over to the Azerbaijani Army without a single shot fired).

Azerbaijan could receive the territories it lost in the war, he said, only if the peace process is made irreversible. Karabakh does not intend to hold onto them, and naturally does not lay claims on the Azerbaijani areas. But the situation cannot change drastically as long as artillery is shelling Karabakhi villages from Kelbadzhar, Agdam, and Fizuli: the loss of strategic heights near Agdam and in Kelbadzhar would have compromised the security of the local population. If the Karabakh Armed Forces withdraws from Kelbadzhar now that there are no guarantees on the part of the Azerbaijani Army that the hostilities will not resume, the population of Mardakert Rayon, who have already experienced the horror of becoming refugees once, will have to leave for a second time.

The NKR will agree even to these steps, Gukasyan thinks, provided it has guarantees. Such guarantees could be given by sending a joint appeal of the two sides to the UN Security Council requesting it consider imposing economic and political sanctions on the violator of the agreement, or by guarantor-countries (and not just mediators) from among neutral states, unlike, say, Turkey, which must be responsible for the implementation of their initiatives, if they put one forward. One guarantee could be Nagorno-Karabakh's official recognition as a party to the conflict. It is essential, the Karabakh minister said, for the world to know that our actions are justified. Azerbaijan is not resolving its internal problems by "punishing" the unruly population. It claims that it is at war with Armenia while bombing Karabakh cities at the same time.

No such guarantees are contained in the documents presented by the CSCE, because, according to Gukasyan, their phrasing allows for a two-way interpretation. The Karabakhis, for their part, urge complete clarity regarding the strength of the Azerbaijani "security forces" that are to be brought into Kelbadzhar and what kind of "light weapons" they may carry. "We are withdrawing not in order to allow Kelbadzhar to be turned into a fortified area again. The territories we are leaving must be demilitarized; and as long as there is no clarity on the subject, it will continue to pose a threat," the minister said.

Although the initiative runs counter to its interests, the NKR is ready to demonstrate its commitment to the peace process (another factor being, however, that the Karabakhis have to pay heed to the pressure exerted on them by the G-9 countries). This is why the Karabakh authorities have not backed away from implementation of this initiative. They believe, however, that unless all the subjects they raised with the CSCE are resolved, its implementation will fall through and the prestige of this international organization will be somewhat damaged: "We are ready to make concessions provided that contentious issues are resolved through talks and not through hostilities. Unless a cease-fire agreement

between Azerbaijan and Nagorno-Karabakh is signed (which will actually amount to recognition of Karabakh as a party to the conflict), the G-9's initiative will be thwarted." But, as they think in Stepanakert, the draft report on the situation in the region presented by Mario Rafaelli contained biased information and played a negative role by effectively derailing the bilateral talks that have just gotten off the ground (they do understand in Stepanakert, however, that Baku agreed to direct contacts in the hope of reaching a local cease-fire on the eve of the Rome meeting and broke them as soon as it sensed an opportunity "to take another path"—a path of diplomatic pressure). Bilateral talks are not a parallel process, the Karabakhis insist. They must proceed under the CSCE aegis and, if they are not resumed, the Minsk Group's initiative will be undermined, so great is the two sides' distrust of each other.

Shevardnadze Stops Off in Baku for Meeting With Aliyev

LD1708211993 Moscow ITAR-TASS in English 2055 GMT 17 Aug 93

[Text] Baku August 18 TASS—Azerbaijan's acting President Geydar Aliyev and Georgian leader Eduard Shevardnadze praised their meeting held in Baku late on Tuesday as a new stage in the development of bilateral mutually advantageous relations between Azerbaijan and Georgia.

Shevardnadze made a stopover in Baku en route from Ashgabat to Tbilisi. Both leaders agreed to bring contacts between the two states to a new level. They informed each other about the political and social situations in their Republics. They stressed that the situation remains tense in both states because of senseless wars. Aliyev recalled that during the war with Armenia Azerbaijan lost 17 per cent of its territory and over 600,000 of its residents have become refugees.

Shevardnadze spoke about measures that are being taken to solve the Abkhazian conflict. He believes conflicts can and should be localised with the help of the world community, including the United Nations Organisation and the Conference on Security and Cooperation in Europe.

He also stressed that the use of the "trans-Caucasian factor" and joined efforts of all states in the area could restore not only stability but also the geopolitical balance in the region.

The meeting between Aliyev and Shevardnadze was held "in camera," at first with the participation of the delegations of both countries and then in private. A meeting between the leaders of Azerbaijan, Iran and Georgia planned to be held in Baku will not take place, the press centre of the Azerbaijani parliament told ITAR-TASS.

Iran's Velayati Visits Baku To Discuss Karabakh Conflict

Discusses Issues With Aliyev

LD1708175093 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 1630 GMT 17 Aug 93

[Text] Foreign Affairs Minister Mr. Velayati arrived in Baku this afternoon at the head of a delegation. He was welcomed at the airport by the Republic of Azerbaijan's deputy prime minister, minister of state for foreign affairs, and the acting minister of foreign affairs, as well as the Islamic Republic of Iran's ambassador to Baku. During his visit Mr. Velayati will discuss the problems of Karabakh and the expansion of Iran-Azerbaijan relations. Please listen to our correspondent's report on the first round of talks between Mr. Velayati and Mr. Gaydar Aliyev:

[Correspondent] The first round of talks between Mr. Velayati, our country's foreign minister, and Mr. Gaydar Aliyev, the Republic of Azerbaijan's acting president and parliament speaker, was held this evening at the Republic of Azerbaijan's parliament.

During the meeting, Azerbaijan acting President Mr. Gaydar Aliyev welcomed our country's foreign minister and the accompanying delegation and termed the visit as a positive step toward the expansion of the two countries' relations. Mr. Aliyev also termed Mr. Velayati's visit to Azerbaijan as useful in the current circumstances.

Continuing, the acting president of Azerbaijan added: Azerbaijan is in a poor situation right now. A lengthy war with Armenia, the occupation of 17 percent of the territory of our Republic, and the internal crisis have caused an unstable political and social situation within the country. He pointed out: Our Muslim people will maintain the country's territorial integrity and will recover the territory lost to Armenian forces.

He expressed the hope that Iran will continue assisting the government and people of Azerbaijan to achieve their goals, as it has helped Azerbaijan in the past in the settlement of problems between the Autonomous Republic of Nakhichevan and Azerbaijan.

He said in conclusion: Since taking on responsibility for managing the affairs of Azerbaijan, I have always stressed the need to expand and strengthen relations with Iran.

During the meeting our country's Foreign Minister Mr. Velayati thanked Mr. Gaydar Aliyev and expressed the complete support of Iran for the territorial integrity of Azerbaijan.

He said: We regret that Azerbaijan has been subjected to aggression and attack. Our country's foreign minister

also said: Our presence here in such critical circumstances has its own particular meaning and message for the region and the world.

He expressed the hope that a just and honorable peace will be established in the region as soon as possible and that the occupied territories of Azerbaijan will be liberated.

Further on Talks

LD1708212493 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 1930 GMT 17 Aug 93

[Excerpts] Foreign Affairs Minister Velayati arrived in Baku today at the head of a delegation. [passage omitted] The first round of talks were held between Mr. Velayati and Gaydar Aliyev, the Republic of Azerbaijan's acting president and parliament speaker. [passage omitted]

During the same round of talks, the two countries' cooperation in the fields of commerce, industry, transport, and communications was discussed and views exchanged on their development.

Concerning the two countries' economic cooperation, Mr. Velayati said: We believe that the two countries' economic relations should become deep-rooted, fundamental, and long-lasting. After noting our country's experience in mining, he expressed the readiness of the Islamic Republic of Iran to cooperate in the field of mining exploration, extraction and production, as well as in setting up a cement factory in Azerbaijan.

During the meeting, Mr. Aliyev referred to the two countries' agreements in the fields of economy, trade, industry, and communication, and expressed thanks for the efforts and assistance of the Islamic Republic of Iran. He called for the enhancement of the two countries' economic relations and the strengthening of mutual cooperation.

According to a report by our correspondent in Baku, after the meeting our country's foreign minister attended a mourning ceremony held by the Muslim people of Azerbaijan to mark the anniversary of the heart-rending demise of the revered Prophet Muhammad—peace be upon him and his scion—and the martyrdom of Imam Hasan Mojtaba. The mourning ceremony was held at Baku's Tazeh Pir Mosque.

Meets Foreign, Prime Ministers

LD1808112693 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0930 GMT 18 Aug 93

[Text] Continuing his trip to the Republic of Azerbaijan this morning, Foreign Minister 'Ali Akbar Velayati met acting Vice President Lala Shukatneva Hajiyeva, Prime Minister Surat Guseynov, and acting Foreign Minister Albert Salamov.

According to our correspondent in Baku, in Velayati's meeting with the acting foreign minister, Salamov expressed gratitude for Iran's aid, in particular our country's efforts and initiatives to end the bloody war in Karabakh at a time when the conflict had just started.

He also said yesterday's talks between Iran's foreign minster and acting President Geydar Aliyev were useful and called for an increase and multilateral expansion of cultural, political, and economic relations with the Islamic Republic of Iran.

In this meeting, Salamov called for the opening of an Azerbaijani Republic consulate in Tabriz and the training of Azerbaijani Republic diplomats in Iran. Velayati, pointing to the common cultural elements between the two countries, announced Iran's favorable view of studying the possibility of opening an Azerbaijani consulate in the city of Tabriz.

He also emphasized the expansion and strengthening of relations between the two countries. Answering the request for the training of Azerbaijani Republic diplomats in Iran, he said: We are prepared to train Azerbaijani Republic diplomats at the University of International Relations, which is affiliated with the Foreign Ministry.

Our correspondent's report indicates that in the meeting between Foreign Minister Velayati and the Azerbaijani acting prime minister, the expansion of bilateral relations, particularly in the cultural, scientific, and economic fields, were discussed. In the meeting the Azerbaijani acting prime minister expressed gratitude and thanked Iran for its aid and support.

Our country's foreign minister, after emphasizing regional cooperation, announced that a summit of foreign ministers of the Caspian Sea littoral states will be held soon in Tehran.

Official Denies AFP Report on Refugees on Iranian Border

NC1708071793 Baku Radio Baku Network in Azeri 1700 GMT 16 Aug 93

[Text] Mutalib Akhundly, head of the Azerbaijan Ministry of National Security Information Administration Press Service, has informed an AZERTAC correspondent that the AFP report that nearly 60,000 citizens of Fizuli have gathered on Azerbaijan's border with the Islamic Republic of Iran is unfounded. The report was attributed to certain information sources. Akhundly said: We have called Arif Alyarov, first deputy commander of the Azerbaijan Border Guards in the Khoradiz [word indistinct] in Fizulinskiy Rayon. Alyarov said that the situation in that part of Azerbaijan's border with Iran is completely peaceful. The border guards are performing their duties. Talks have been held with the

leading officials of Iran's [name indistinct] border commissariat. The Iranian did not complain about illegal crossings through the border by Azerbaijan's citizens and other illegal activities.

Russian Plan To Deploy Divisions in Armenia Criticized

NC1708084093 Baku Radio Baku International Service in Azeri 1300 GMT 16 Aug 93

[Unattributed commentary: "Russia Plans To Deploy Additional Military Units in Armenia"]

[Text] Dear listeners, Russia's Defense Minister Pavel Grachev said toward the end of last month that two of Russia's military units will be based in Armenia. The Armenian Government confirmed that statement. According to the SNARK NEWS AGENCY, Colonel Ivanov visited Yerevan as the representative of Russia's Defense Ministry early in August. The talks he held with the Armenian Defense Ministry officials discussed the deployment of Russia's troops in Armenia.

The Azerbaijan Defense Ministry issued a statement on 17 February criticizing Russia's leaders for deciding to base two of Russia's infantry divisions, which would be withdrawn from Germany, in Armenia. We wish to recall that the two divisions are made up of 20,000 troops, many tanks and armored vehicles, and hundreds of artillery guns and missile launchers. Russia's Defense Ministry denied that statement and described it as an unfounded and provocative fabrication. It said that Russia is not preparing to dispatch additional military units to Armenia. On the contrary, Russia's 7th Army has been disbanded.

Nevertheless, the deployment of Russia's military units soon after that statement was a fact. But that is not the only development that has caused uneasiness. According to the Azerbaijan Defense Ministry, plans have been made to base one of the two Russian divisions between Idzhevan and Berd, that is, close to Azerbaijan's border. That will give Armenia the opportunity to dispatch its military units in that region to Karabakh to participate in aggression against Azerbaijan. Russia's military units in that area will replace them. Meanwhile, Armenia can use Russia's military units as mercenary forces on its border with Azerbaijan and in our Republic itself.

The experience we have gained from the dispute between Armenia and Azerbaijan and the military cooperation between Russia and Armenia indicates that what we have said is a strong possibility. Obviously, such a development will shift the balances in the military operations theater. Obviously, Armenia has been using the military aid it receives to launch new and wide-scale attacks toward the inner parts of Azerbaijan.

A comparison between Pavel Grachev's statements in the past to the effect that Russia's troops have no task in the Caucasus at all and his present behavior will reveal that certain changes have taken place in the leading circles in the Kremlin on the concept of defending Russia's strategic interests in the Caucasus. It seems that Armenia will be the main defender of Russia's strategic interests in the Caucasus in the near future.

Intellectuals, Elderly Officials Condemn Lawlessness

NC1708131593 Baku Radio Baku Network in Azeri 1700 GMT 16 Aug 93

[Text] The Association of Intellectuals and the Council of Elderly Officials have issued a joint statement that condemned all the lawless and separatist activities that harm Azerbaijan's sovereignty, territorial integrity, and independence, urged the citizens to be vigilant, and called on the Republic's leaders to take serious measures. The statement said:

We regard the minority peoples who have lived with us on our sacred land for many centuries as our friends, brothers, sisters, and [word indistinct]. Their work, effort, and awareness have played an important role in the effort made to develop our Republic. They have played an important role in our scientific, technical, cultural, and economic development.

The statement noted that we are all Azerbaijan's citizens and the sons of the same land and house. Our [words indistinct] and we defend our common homeland.

The statement also said: The Armenian fascists have occupied 17 percent of our territory. Innocent blood is shed every day. We have turned all our attention to the front lines. In existing conditions, the extremists have been encouraged by the foreign and local enemies to carry out separatist activities. The Talysh-Mugan Republic has been established in Lenkoranskiy Rayon. Our people have been treacherously stabbed in the back.

Pointing to the lawless activities in the region, the statement said that criminal activities cannot be allowed to take place. It also expressed the hope that the intellectuals and elderly officials in Azerbaijan's southern rayons will correctly assess the situation and find a peaceful way to remove the existing confrontation.

Georgia

Suspected Killer of U.S. Diplomat in Custody

LD1708154193

[Editorial Report] At 1300 GMT on 17 August Tbilisi Radio Tbilisi Network in Georgian carries a 19-minute live or recorded interview with Mikhail Osadze, first deputy minister of internal affairs of Georgia, in which he speaks about the rising crime rate in Georgia. The date and place of the interview and the identity of the interviewer are not given.

Asked by the commentator about the death of U.S. diplomat Fred Woodruff, Osadze says:

"As for the killing of the U.S. diplomat, I would like to tell you that the murder case has been solved, the perpetrator is known, and an investigation is under way at the moment. The arrested person will probably face trial soon. The murder was not intentional, but that is a matter for the court to decide. It was an accidental killing. Nobody knew who they were shooting at or how they were shooting. But the fact remains that a murder has been committed, and this murder has had a very bad effect on us. Thanks to a well-coordinated joint action between the republic's procurator's office, the Ministry of Internal Affairs and the Information and Intelligence Service, this murder has been solved. As I have told you the murder has been solved and an investigation is under way. Hopefully the court will decide this case."

No further processing planned.

Shevardnadze Meets UN Official, Discusses Abkhazia

LD1808121693 Tbilisi IBERIA in Georgian 1050 GMT 18 Aug 93

[Text] Tbilisi, 18 Aug [dateline as received]—An IBERIA correspondent reports that Eduard Shevardnadze today received Rolf Knutsen, personal representative for the UN secretary general, who briefed the head of state on the results of his work.

Rolf Knutsen pointed out that that he had been in Gudauta and had met with the local leadership. He underlined the importance of the fact that both sides were interested [as received] and that the disengagement of military equipment and personnel was under way.

Knutsen has again been convinced of the necessity of an immediate dispatch of UN observers. This is reflected in his report sent to the UN secretary general yesterday. Knutsen expressed the hope that the UN Security Council would take account of his recommendations, discuss this issue in a short time, and adopt appropriate resolutions.

The issue of sending UN peacekeeping forces to the Abkhazia region was raised at the meeting. The head of state pointed out that the timely arrival of UN observers and peacekeepers is very important for a peaceful settlement of the conflict.

Armed Volunteers Leave Abkhazia

LD1708164293 Moscow ITAR-TASS World Service in Russian 1450 GMT 17 Aug 93

[by ITAR-TASS correspondent Irina Shchegoleva]

[Text] Sochi, 17 Aug—Eight busloads of North Caucasus region volunteers, who had fought on the Abkhaz side, crossed the border bridge over the river Psou today on their way from Abkhazia to Russia. More than 300 persons from Adygeya, Kabarda, Cherkessia, and other republics left for their homes, passing through Sochi. When crossing the border, the volunteers were given one condition—to give up their arms either to the Abkhaz or to the Russian side, as they see fit. An ITAR-TASS correspondent has learned from an unofficial source that more than 200 Cossacks who had fought for the Abkhaz side are to be evacuated from Ochamchira by sea tomorrow.

Russian Official Assesses Progress of Withdrawal From Abkhazia

LD1708193593 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 17 Aug 93

[Video report from Abkhazia by correspondent Melkonyan, including recording of interview with S. Shoygu, chairman of Russian State Committee for Civil Defense Affairs; from the "Novosti" newscast]

[Text] In accordance with the decision adopted at the last sitting of the Joint Commission on a Settlement in Abkhazia, control groups were formed today and began checking the progress of the disengagement and withdrawal of the armed formations of the conflicting sides. The control groups visited areas where armor and artillery were deployed, as well as positions directly on the Gumista front.

[Shoygu] We can state without qualification that the timetable for the withdrawal of artillery and heavy equipment has been fully observed by the Abkhaz side. The wedge breech blocks have been removed from all the artillery pieces and heavy equipment. Optical sights have been removed. All this has been put in storage and handed over to the 345th Parachute Assault Regiment. Personnel have been removed from the positions, with the exception of about 40 people on the Shroma sector of the front, who have been left to guard the minefields, to ensure that nobody wanders into them.

[Melkonyan] The second stage?

[Shoygu] Well, as concerns the Georgian side, we are working on that as well. Personnel on the Georgian front have been withdrawn, and redeployment of all formations to the concentration areas laid down by the timetable has been begun. As far as artillery and heavy weapons are concerned, we cannot say in this case that the conditions that were envisaged are being observed under the planned timetable. [video shows railroad yard; artillery piece, armored personnel carriers on flatcars; indistinct view of apparently wrecked vehicles on flatcar; Shoygu interviewed in field uniform of major general of airborne assault troops]

Violations of Disengagement Process in Abkhazia Reported

LD1808052193 Moscow ITAR-TASS in English 0512 GMT 18 Aug 93

[By ITAR-TASS correspondent Irina Shchogoleva]

[Text] Sochi August 18 TASS—The ceasefire terms are in the main being observed in Abkhazia. This view was expressed by members of the operational team under the joint commission for settling the Abkhazian conflict, who went to Sukhumi on Tuesday to check the fulfilment of the plan and schedule for the withdrawal of troops and military hardware from the conflict zone.

However, the team has recorded several violations of the established procedure. For instance, the Georgians have pulled back their hardware and concentrated it in fixed localities (the villages of Dranda and Machara), but have not removed the sights and breechblocks from the guns. Georgian armoured vehicles were loaded on railway platforms at Dranda, but had not been sent to Tbilisi by 20.00 on August 17, as envisaged in the protocol. The commission members have also noted that there were still large quantities of military hardware in Sukhumi.

The troops of both sides have practically been pulled out of their former positions. Commission members have seen only separate groups of armed men near the populated locality of Shroma.

Today, ITAR-TASS was told by officials of the joint commission's press centre, operational team members will again go to the places where they had recorded violations on Tuesday in order to check the fulfilment of the established procedure for the withdrawal of troops and military hardware. The sides have promised to rectify the registered violations by Wednesday morning.

Abkhaz Parliament Notes Georgian Cease-Fire Violations

LD1808102293 Moscow ITAR-TASS in English 0939 GMT 18 Aug 93

[By ITAR-TASS correspondent Irina Shchegoleva]

[Text] Sochi August 18 TASS—Cease-fire violations were recorded in the zone of the Abkhazian-Georgian conflict, the press service of the Abkhazian Parliament reported on Tuesday [17 August] evening. Georgian troops fired on the Apyanda height illumining it with flares.

According to the Abkhazian Defense Ministry, a concentration of Georgian troops was detected in that area.

An Abkhazian source reported that a concentration of Georgian manpower and materiel were detected on Tuesday near the village of Tsagera in the eastern direction. The Abkhazian side also reported movement of Georgian troops from Sukhumi to Ochamchira.

The Georgian side fired from grenade launchers on the villages of Katsikhabla and Bedia at the eastern front in the afternoon on Tuesday. Firing engagements with automatic weapons were recorded near the village of Apsny at 02:00 on Wednesday.

Opposition Body Accuses Shevardnadze of 'New Intrigues'

AU1808125693 Tbilisi IBERIA-SPEKTRI in Georgian 11-17 Aug 93 p 9

[Statement by the All-Georgian National Disobedience Committee; place and date not given: "Who Unleashed the War in Abkhazia"]

[Text] As a result of Eduard Shevardnadze's anti-Georgian policy, Georgia has exceeded the bounds of destruction. Today, the aims of provoking the war in Abkhazia are clearly discernible, something which we have been systematically stating. After provoking the war, Shevardnadze has deliberately withdrawn army units from the conflict zone in Abkhazia and has left the local population to face the killers hired by the Abkhazian separatists. We have always tried to end the war by peaceful means, which has been shown by the steps we have repeatedly. However, E. Shevardnadze has always hindered the implementation of our agreement.

When the Georgian National Guard—which is struggling for the restoration of the rule of law, which is not subordinate to the present regime, and which has the power to bring about a fundamental change in the war to Georgia's advantage—got actively involved in this conflict, Shevardnadze unexpectedly drew up an agreement with Russia and Abkhazia, as the participation of the National Guard that is struggling for the restoration of the rule of law is not in his interests. Furthermore, Shevardnadze has been struggling, not against the Abkhazian separatists, but against the Georgian population of Samegrelo and Abkhazia: This was shown more clearly after the Senaki battalion returned to its stationing location. Large armed formations today are stationed in Kutaisi, Samtredia, and Poti and its environs. Modern heavy combat equipment and weaponry has been assembled in these rayons. Shevardnadze is planning new intrigues in order to cause further bloodshed in Samegrelo.

On 27 July this year, the participants of peaceful rallies in Tbilisi and Kutaisi were dealt with cruelly. There was shooting on a large scale. Many of those attending the rallies received serious wounds, and many were illegally imprisoned. Shevardnadze is concluding an agreement of capitulation with the enemies of the Georgian nation, and, at the same time, is declaring war on the starving and insulted Georgian people. Threats against the supporters of the Georgian [former] president are being plainly heard in the mass media.

The All-Georgian National Disobedience Committee calls for:

1. A halt be made in the antihumanitarian actions and repressions of the participants of peaceful rallies.

2. The armed formations subordinate to the Shevardnadze regime be immediately withdrawn from western Georgia in order to avoid the spilling of fratricidal blood.

3. E. Shevardnadze and his illegal government should immediately announce their self-liquidation for having betrayed the Georgian nation.

Otherwise, full responsibility for any unexpected consequences will rest with the Shevardnadze regime.

Radio Reports on 'Anti-Georgian Campaign' in Ossetia

LD1808103593 Tbilisi Radio Tbilisi Network in Georgian 0400 GMT 18 Aug 93

[Text] Despite the relative calm in South Ossetia, an open anti-Georgian propaganda campaign is under way there. Any move by the Georgian side toward reconciliation is met by fierce resistance from leaders of the Ossetian separatists.

The breakup, since 5 August, of several Tskhinvali rallies organized at the initiative of Ossetian intelligentsia is another example of this. The demonstrators were demanding better socioeconomic conditions for all ethnic groups living in the region, and they demanded the restoration of normal relations with the Georgians. It is these rallies that were dispersed by the Tskhinvali OMON [Special Purpose Militia Detachments].

It would be appropriate to recall an interview with one of the leaders of the Ossetian separatists, (Neniyev), which was broadcast in July in a Russian Television news program. He said that all avenues for a political dialogue with the Georgian side had been exhausted. It should be noted that Russian Television, for some reason, has failed to report the breakup of the rallies, while (Neniyev's) statement did not escape its attention.

It is obvious that Georgia's policy toward full independence is unacceptable for some [word indistinct]. The most effective way of countering this policy is to encourage separatism in Georgia's autonomous areas. The policies of the Ossetian separatist leaders agree with the Russian imperialists' aspirations.

Ajaria Leader Appoints Council of Ministers

LD1708122593 Tbilisi Radio Tbilisi Network in Georgian 0400 GMT 17 Aug 93

[Text] A meeting of the Supreme Soviet Presidium of the Autonomous Republic of Ajaria has been held under the chairmanship of Aslan Abashidze, chairman of the Supreme Soviet of Ajaria. The Presidium examined the issue of forming a new Council of Ministers. Aslan Abashidze signed decrees appointing three deputies to the chairman of the Council of Ministers and 12 ministers.

Official Views Coupon as Sole Legal Tender

AU1808110293 Tbilisi 7 DGHE in Georgian 6-12 Aug 93 p 3

[Interview with Vice-Premier Roman Gotsiridze by Goga Okropiridze; place and date not given: "Roman Gotsiridze: 'Business Based on the Coupon Will Be More Secure Than That in Pursuit of the Archaic Ruble'"]

[Text] On 3 August, the coupon was declared sole tender in Georgia. One of the initiators of this action was Vice-Premier Roman Gotsiridze.

[Okropiridze] The declaration of the coupon as sole tender has generated dissatisfaction on the part of businesses.

[Gotsiridze] It is specious to link the declaration of the coupon as the sole tender with the closure of businesses, it goes far deeper than that. It will leave a lasting mark on the Georgian economy in the future. This process is similar to a very great historical event. This is precisely why we are now trying to implement a strict regimen; real results will depend on the competence of state structures.

[Okropiridze] What specific changes are we to expect in the near future?

[Gotsiridze] This will be manifested in the transformation of the banking system and in the renewal of the banking infrastructure. The Russian ruble will continue to remain the largest foreign currency in Georgia. Enterprises and economic subjects [as published] will be able to have their own accounts both in Georgia and beyond its borders. Six months from now, we will look back on how commercial relations were being formed between economic subjects and how the street market functioned, a market that today is characterized by illogical relationships. Relationships characteristic of a typical independent country will soon appear in Georgia. This will make it possible to manage the existing situation by means of economic levers.

[Okropiridze] Georgia is still dependent on the Russian market. Will not the declaration of the coupon as sole tender, in the initial stage, result in the severance of business ties?

[Gotsiridze] At this stage, there will be no downturn in imported goods from Russia; on the contrary, the nonseparation of ruble and coupon accounts was completely hindering the settlement of accounts between Georgian and Russian enterprises—the only means was barter. Exports were, to all intents and purposes, putting Georgia in a losing position. The export of goods to Russia was being conducted in rubles, which corresponded Georgian coupons, and since there were different exchange rates, incomes were being hidden, incurring huge budgetary losses. We discovered massive hidden assets, not only in Russia but also in banks that we were unable to control due to the existing hard currency regime. The necessary relations to positively direct external economic cooperation are being formed.

It will soon be obvious to everyone that there is a greater stimulus to exporting goods to Russia, and this will reduce to a minimum impulsive actions and the concealment of profits.

[Okropiridze] How realistic is it for other republics to adopt the coupon as a means of settling accounts?

[Gotsiridze] The establishment of an exchange rate for the coupon will give rise to demand, and it will come into line with other currencies. Today, the coupon exchange rate in Georgia is low. For example, with 100 million Russian rubles, it is possible to buy goods here worth 500 million coupons; however, goods acquired for 500 million coupons here will be worth 600-700 million rubles if exported to Russia. When the exchange rate is low, a stimulus is provided to export goods; this is a positive development on the one hand, but on the other hand it results in the devaluation of Georgia's wealth. If a normal exchange rate were established, equal trading conditions would be created.

[Okropiridze] Can one expect Russia to adopt measures that will contribute to a decline in the coupon exchange rate?

[Gotsiridze] Russia does not have a policy regarding the coupon. It has its own problems. It is methodically raising the exchange rate of the ruble because a huge part of Russia's trade turnover is with foreign countries. The percentage of its trade with Georgia is a drop in the ocean, and this precludes the elaboration of a specific policy regarding the Georgian coupon.

[Okropiridze] You said in one of your recent interviews that the employment of administrative measures should have a definite traditional base. However, in the joint decree of the National Bank and Cabinet of Ministers, it was pointed out that administrative measures should be implemented, and this at a time when, along with everything else, there does not exist a legislative base and there is no mechanism for establishing one.

[Gotsiridze] There are no prospects for managing the economy administratively, but when we speak about an administrative mechanism for protecting the coupon, it is the same thing as protecting basic order. Such processes are underway in the Baltic countries. However, its implementation depends on people's intellectual level, the nation's culture, and the country's current situation. True, the situation is complex here, but this does not mean that we should capitulate before uncontrolled forces. If the state embarks on a course that leads to surrender and does not take up the fight with those small groups that control prices, we should throw in the towel. We should gradually introduce stricter coupon rules. If a business breaks the rules, it will have to close. This will be done to protect the social interests of citizens, which is also the basis of Georgian statehood.

[Okropiridze] The fall in the coupon exchange rate is resulting in a negative view of it on the part of society.

[Gotsiridze] You will agree with me that the coupon signifies a kind of national pride. However, we should also take into account the disastrous material state the Georgian population was in when the national currency was introduced. The devaluation of the coupon was not the reason for the worsening of the situation; coupon devaluation was a form in which the worsening of the economy manifested itself. If we hadn't introduced the coupon, the situation would have been much worse because, as a result of a shortage of the necessary amount of rubles, people would have had absolutely nothing. By introducing the coupon, it has become possible to conduct a more or less manageable budgetary policy; the centralization of the country's existing resources and their redistribution to different spheres of the population have resulted in a significant easing of the situation.

[Okropiridze] What would have happened if the coupon had been declared the sole legal tender upon its introduction?

[Gotsiridze] I supported the idea that this take place two months later so that we might prevent the dissatisfaction of the people and the economic subjects. However, now that 2 to 3 percent of rubles have remained firmly in circulation, we will have to implement administrative measures to remove them from circulation. If there had been strong state structures, it would naturally have been much more advantageous had the coupon been declared sole tender as soon as it was introduced. We would therefore have adopted the Estonian variant of introducing one's own currency.

[Okropiridze] Can we not expect complications from political forces that have been opposing the declaration of the coupon as sole tender?

[Gotsiridze] The necessity and correctness of this action is so clear today that I do not think anyone can dispute it. Particularly since the ruble zone has collapsed, and by the end of the year there will be only about two former Soviet republics still without their own currency. Russia itself is dissolving the ruble zone and is methodically implementing this process. Therefore, it is illusory to think that joining the ruble zone holds any advantage.

[Okropiridze] One of the necessary conditions for improving the economy is the stabilization of the coupon.

[Gotsiridze] We will all see the coupon become stable within a short period of time. In two or three weeks, people will find the condition of the coupon to their advantage. Therefore, this tendency—which is moving with the times—and the economic interest arising from it, will be far more secure than business in pursuit of the archaic ruble, which, without this action, will be doomed as a result of the economic transformation.